

1980

## Voter Information Guide for 1980, Primary

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CALIFORNIA BALLOT PAMPHLET

# Primary Election • June 3, 1980

Compiled by MARCH FONG EU • Secretary of State  
Analyses by WILLIAM G. HAMM • Legislative Analyst



Secretary of State

SACRAMENTO 95814

Dear Californians:

This is the English version of the California ballot pamphlet for the June 3, 1980, Primary Election. It contains the ballot title, a short summary, the Legislative Analyst's analysis, the pro and con arguments and rebuttals, and the complete text of each proposition. It also contains the legislative vote cast for and against any measure proposed by the Legislature.

If you wish to receive a Spanish language ballot pamphlet, simply fill out and mail the card enclosed between pages 24 and 25 of this pamphlet. No postage is needed.

Read carefully each of the measures and the information about them contained in this pamphlet. Legislative propositions and citizen-sponsored initiatives are designed specifically to give you, the electorate, the opportunity to influence the laws which regulate us all.

Take advantage of this opportunity and vote on June 3, 1980.

*March Fong Eu*

MARCH FONG EU  
Secretary of State

**AVISO:** Una traducción al español de este folleto de la balota puede obtenerse si completa y nos envía la tarjeta con porte pagado que encontrará entre las páginas 24 y 25. Escriba su nombre y dirección en la tarjeta en LETRA DE MOLDE y regrésela a más tardar el 23 de mayo de 1980.

## Official Title and Summary Prepared by the Attorney General

### FOR THE PARKLANDS AND RENEWABLE RESOURCES INVESTMENT PROGRAM.

This act provides for a bond issue of four hundred ninety-five million dollars (\$495,000,000) to be used in a coordinated effort to deal with the interrelated problems of meeting the recreational and open-space requirements of the people of California, conserving and extending the state's water supply, expanding sport and commercial fishing opportunities, and restoring and protecting the agricultural productivity of the state's soil resources pursuant to the Parklands and Renewable Resources Investment Program.

### AGAINST THE PARKLANDS AND RENEWABLE RESOURCES INVESTMENT PROGRAM.

This act provides for a bond issue of four hundred ninety-five million dollars (\$495,000,000) to be used in a coordinated effort to deal with the interrelated problems of meeting the recreational and open-space requirements of the people of California, conserving and extending the state's water supply, expanding sport and commercial fishing opportunities, and restoring and protecting the agricultural productivity of the state's soil resources pursuant to the Parklands and Renewable Resources Investment Program.

### FINAL VOTE CAST BY LEGISLATURE ON SB 547 (PROPOSITION 1)

Assembly—Ayes, 58  
Noes, 15

Senate—Ayes, 32  
Noes, 6

### Analysis by Legislative Analyst

#### Background:

In past years, the state has financed most of the acquisition and development of state and local parks, historical properties, recreational facilities and wildlife preserves through the sale of general obligation bonds. The 1964, 1970, 1974 and 1976 Park Bond Acts provided a total of \$734 million, of which approximately \$468 million was for state park acquisition, development and restoration projects. By July 1981, it is anticipated that all of these funds will have been spent or encumbered.

The state has also financed state and local parks, wildlife conservation projects, fish hatcheries, wildlife restoration work and grants for local parks on a "pay as you go" basis, using state tax and other revenues.

#### Proposal:

This proposition would authorize the sale of \$495 million in state general obligation bonds to finance (1) the acquisition, development, and restoration of state and local parklands, coastal lands and historical resources, (2) wildlife conservation projects, expansion of fish hatchery facilities and habitat restoration, and (3) wastewater reclamation and water conservation measures.

The proceeds of this bond issue would be deposited in the Parklands and Renewable Resources Investment Fund or the State Coastal Conservancy (fund). These proceeds would be available for appropriation by the Legislature for projects meeting the following purposes:

#### Parklands and Recreation

- (a) Grants to counties, cities and districts for acquisition, devel-

opment, rehabilitation or restoration of real property for parks, beaches, recreational and historical resources.....	\$95,000,0
(b) State acquisition, development, rehabilitation or restoration of real property for the state park system .....	75,000,000
(c) Acquisition of coastal resources, including San Francisco Bay, by the state purchase of real property and grants to counties, cities and districts to finance implementation of local coastal programs .....	95,000,000
(d) State acquisition and development and local grants for public access to recreational boating waterways .....	3,000,000
(e) Acquisition of public lakeshore access and recreational property at Lake Tahoe .....	25,000,000
(f) Coastal agricultural protection, area restoration and resource enhancement to be expended by the State Coastal Conservancy ..	10,000,000
(g) State grants to local agencies primarily for urban parks .....	35,000,000
Parklands and Recreation total .....	\$338,000,000
Fisheries and Wildlife	
(a) Expansion of the Nimbus Hatchery (Sacramento County) .....	\$7,000,000
(b) Construction of new salmon	

hatchery on the Shasta River (Siskiyou County) and for rearing facilities at the Tehama-Colusa Spawning Channel (Tehama County) .....	7,000,000
(c) Salmon and steelhead spawning habitat restoration projects .....	11,000,000
(d) State acquisition or development of real property for wildlife management by the Wildlife Conservation Board .....	10,000,000
(e) Restoration, enhancement and preservation projects for wildlife habitat on federal lands .....	8,000,000
(f) State acquisition, restoration and preservation of habitat for rare and endangered species .....	2,000,000
Fisheries and Wildlife total .....	\$45,000,000
Water Conservation	
(a) Grants and loans by the Water Resources Control Board to public agencies for wastewater reclamation facilities .....	\$77,000,000
(b) State loan guarantees and interest payments by the Department of Water Resources for improvements in agricultural water conservation .....	25,000,000
(c) State loans to public agencies by	

the Department of Water Resources for construction of agricultural wastewater disposal facilities .....	\$10,000,000
Water Conservation total .....	\$112,000,000

The bond act contains provisions to limit or guide the state agencies in the expenditure of their portions of the bond proceeds. These provisions are too extensive to be summarized.

#### Fiscal Effect:

Assuming an interest rate of 7 percent and a 20-year repayment period, the interest on \$495 million of general obligation bonds would be approximately \$364 million. The principal and interest cost therefore would total \$859 million. This cost would be paid by the General Fund.

State and local agencies would receive minor operating revenues from the facilities acquired or constructed with the bond funds. These operating revenues would be more than offset by the continuing operating and maintenance costs which would result from the acquisition or development of park or recreation facilities. Finally, some of the bond proceeds would be repaid to the state because the money would be used for loans. State and local bond interest costs could be increased by an unknown, but probably moderate, amount if the sale of these new bonds results in higher interest rates for state and local bonds.

## Text of Proposed Law

This law proposed by Senate Bill 547 (Statutes of 1980, Ch. 9) is submitted to the people in accordance with the provisions of Article XVI of the constitution.

This proposed law adds sections to the Public Resources Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED LAW

SECTION 1. Division 24 (commencing with Section 34000) is added to the Public Resources Code, to read:

#### DIVISION 24. PARKLANDS AND RENEWABLE RESOURCES INVESTMENT PROGRAM

##### CHAPTER 1. GENERAL PROVISIONS

34000. *The Legislature finds and declares as follows:*

(a) *The state's economic prosperity and survival and the public's health and welfare are heavily dependent on four biological systems: croplands, grasslands, forests, and fisheries, which together provide all of our food, many of our opportunities for recreation, and, with the exception of minerals and petrochemicals, all of the raw materials for industry. Various and numerous threats to the health and productivity of these natural systems require the state to implement an aggressive and coordinated program for enhancing these renewable resources.*

(b) *The funds made available by this division will be invested in a coordinated effort to deal with the interrelated problems of meeting the recreational and open space requirements of the people of California, conserving and extending the state's water supply, expanding sport and commercial fishing opportunities, and restoring, enhancing, and preserving wildlife habitat, and will insure that these natural systems are managed for the profit and benefit of future generations. The funds will also be invested in projects and activities which will preserve significant natural and cultural resources for the enjoyment and benefit of present and future generations and will make accessible to the public many natural systems for their study, enjoyment, and appreciation.*

(c) *The enactment of this division is, in itself, acknowledgement of the interrelatedness of natural systems and the human society that depends upon and benefits from them. As such, this division has as its*

*objective the enhancement, through the investment of public funds, of various renewable resources that will demonstrably benefit the people of this state.*

34001. *The Renewable Resources Investment Program established and financed pursuant to Chapter 1104 of the Statutes of 1979 is hereby continued in existence as the Parklands and Renewable Resources Investment Program, involving the coordinated activities of the Resources Agency; the Departments of Boating and Waterways, Fish and Game, Forestry, Parks and Recreation, and Water Resources; the California Coastal Commission; the State Coastal Conservancy; the State Water Resources Control Board; the California Conservation Corps; the San Francisco Bay Conservation and Development Commission; and various local public agencies; and consisting of the following elements:*

(a) *The acquisition, development, rehabilitation, and restoration of state and local parklands, recreational facilities, historical resources, and coastal resources pursuant to Chapter 3 (commencing with Section 34030).*

(b) *The construction and expansion of salmon hatcheries, the restoration of salmon and steelhead spawning, nursery, and rearing habitat, and the acquisition, restoration, and preservation of wildlife habitat, including the habitat of rare or endangered species, pursuant to Chapter 4 (commencing with Section 34090).*

(c) *Grants and loans to private entities for reforestation, urban forestry, and wood energy production projects, to be administered and financed pursuant to Part 2.5 (commencing with Section 4790) of Division 4.*

(d) *State financial assistance for water conservation and drainage measures pursuant to Chapter 5 (commencing with Section 34125).*

34002. *This division shall be known and may be cited as the Parklands and Renewable Resources Investment Program Act.*

##### CHAPTER 2. FISCAL PROVISIONS

34010. *Bonds in the total amount of four hundred ninety-five million dollars (\$495,000,000), or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California,*

*Continued on page 42*

## Argument in Favor of Proposition 1

Why are water, parks, fisheries, wildlife, and other natural resources important to you? They bring you food, health, jobs, pleasure, and more. They are the basis of the quality that is California today.

Your YES vote on Proposition 1 will restore and preserve these qualities for tomorrow and future years.

Investments you authorize by voting YES on Proposition 1 will repay immediate benefits in improved parks and recreation facilities for your community and state, more productive fish and wildlife resources, and water conservation and reclamation projects that will protect and improve the state's limited water supply.

California's economy, the strongest of any state's, is based largely on its natural resources. Investing in these resources will help assure the continued strength of the state's economy by sustaining the productivity of resources that currently are being used up and not replaced, by creating new employment and protecting existing jobs, and by attracting new business.

Previous measures approved by voters in past elections have not kept pace with the effects of inflation and population growth. Parks are often overcrowded, and improvements to recreation facilities have been deferred repeatedly. Our water supply has been strained by increasing demand and emergencies such as the 1976-1977 drought. Salmon and steelhead populations are down 60 percent, and other forms of wildlife are suffering from loss of habitat areas.

Your YES vote for Proposition 1 will make possible:

- Expanded community and neighborhood recreation facilities under grants to your local government;
- More campsites and renovation of run-down facilities at state parks;
- The acquisition of new state parks near population centers and in scenic coastal areas;
- Preservation of California's natural and historical heritage, including a special program for protecting Lake Tahoe;

- Safe access to recreational boating waterways;
- Grants to local government for local coastal programs;
- Better fishing for sport and commercial fishermen through building new hatcheries and improving spawning areas for salmon and steelhead;
- Improvements in wildlife habitat areas, including a special program for rare or endangered species;
- Local projects to reclaim and reuse municipal wastewater for industry and irrigation;
- A loan program for irrigation improvements that will conserve agricultural water; and
- Loans to local public agencies for restoring the productivity of agricultural lands that have been damaged by poor drainage.

At a time when taxpayers are concerned about public spending, Proposition 1 lets you decide by the ballot where and how your public funds will be invested. The investment program you authorize by voting for Proposition 1 will occur in *renewable* resources; that is, the kinds of resources—unlike oil—that can *renew* and replace themselves. This is not a one-time expenditure for a one-time benefit. Parks are forever, and water, fish, and wildlife are renewable resources that can continue to return benefits to Californians indefinitely.

Your vote for Proposition 1 will enable wise public investment in the renewal of important natural resources to benefit all Californians and assure a stronger economy for California.

**JOHN A. NEJEDLY**  
*Republican State Senator, 7th District*  
*Chairman, Senate Committee on*  
*Natural Resources and Wildlife*

**EDMUND G. BROWN JR.**  
*Governor*

**TOM BRADLEY**  
*Mayor, City of Los Angeles*

## Rebuttal to Argument in Favor of Proposition 1

You should know that only 2 out of 15 programs slated for funding under Proposition 1 contain restrictions against using allocated moneys for paying salaries or creating more state bureaucracy at taxpayers' expense. It's quite clear this is the "job creation" aspect that proponents refer to in their argument in favor of this measure.

**YOUR "NO" VOTE ON PROPOSITION 1** will force the administration to look at the real problems of: (1) utilizing thousands of acres of already-owned but undeveloped state parklands; (2) making necessary park improvements; and (3) solving crime, vandalism and other critical problems plaguing the California parks systems.

**YOUR "NO" VOTE ON PROPOSITION 1** will stop \$77 million in grant moneys from being allocated to the State Water Resources Control Board (the same folks who oppose the filling of existing reservoirs like New Melones) for a new giveaway program which could ultimately cost state taxpayers \$500 million. Furthermore, the proposed grant program

would subsidize reclamation of sewage water which state health officials will not allow to be used in domestic water supplies. *Proposition 1 will not increase state water supplies.*

**YOUR "NO" VOTE ON PROPOSITION 1** will strongly reaffirm the determination of voters to bring common sense and responsibility back to government by allowing each program proposed under this measure to be considered on its own individual merits instead of allowing them to be shuffled through with the rest of this "monetary smorgasbord."

**VOTE "NO" ON PROPOSITION 1!**

**JOHN SCHMITZ**  
*State Senator, 36th District*

**NORMAN WATERS**  
*Member of the Assembly, 7th District*

**JOHN E. THURMAN**  
*Member of the Assembly, 27th District*

## Argument Against Proposition 1

Proposition 1 is a \$495 million "pork barrel" bond issue that will actually cost taxpayers between \$800 and \$900 million when bond interest payments are included. This is not a revenue bond issue. The principal and interest will not be repaid from user fees. This irresponsible hodgepodge of spending proposals includes new state subsidy programs which would not be approved on their own merits.

### Proposition 1:

- Is a blatant effort to fund and exempt 15 nonrelated programs from the "Spirit of 13" spending lid overwhelmingly approved by the voters last year.
- Will permit state departments and boards to use part of the bond proceeds for salaries.
- Will authorize, as part of this bond issue, \$25 million to purchase "downzoned" land at Lake Tahoe. This is only a "Band-Aid" approach to solving the problem created by regional government.
- Proposes new ways to spend taxpayers' money by underwriting private farm loans for irrigation and for drainage, despite the fact that major farm organizations opposed these subsidy provisions.

Proposition 9, also on this state election ballot, would cut state revenues received from personal income taxes. If approved, it will require fiscal restraints by the state and reductions in the record \$24 billion budget for 1980-81 submitted by the Governor. Proposition 1 proposes to add nearly one billion dollars to the state debt obligations. Voters should be given a chance to decide whether or not they want further tax cuts, as proposed by Proposition 9, before we plunge ahead with funding the new projects contained in Proposition 1.

Proposition 1 authorizes massive acquisitions of private property by government agencies and ignores the fact that almost one-half of California is already in government ownership. The state has already acquired over 1 million acres for state parks. Hundreds of thousands of acres of this land are not developed and are not now available to the general public. This land is of little or no value to the public unless picnic areas, campsites, toilets and parking lots are developed and maintained. Proposition 1 makes no provision for added operation and maintenance costs at either state or local parks.

The last state park bond measure was nearly rejected by the voters in 1976. It was a specific proposal, not a mishmash of activities and irrelevant subsidy programs that are being piggybacked in Proposition 1. Any measure proposing to circumvent the constitutional spending limitation set by the voters last year should give the electors a clear choice to selectively approve or disapprove each new spending program. This "pork barrel" is an insult to the intelligence of the electorate. It is a prime example of how the voters are seduced into approving projects without full disclosure of either their true need or their true cost. Do not reward bureaucratic ineptitude and sleight of hand. Vote *NO* on Proposition 1.

**JOHN SCHMITZ**

*State Senator, 36th District*

**NORMAN WATERS**

*Member of the Assembly, 7th District*

**JOHN E. THURMAN**

*Member of the Assembly, 27th District*

## Rebuttal to Argument Against Proposition 1

The opponents' arguments are not responsive to Proposition 1.

This measure does not attempt to evade the "Spirit of 13." That initiative's clear message was, "Let the people choose." Proposition 1 gives the people the choice of approving more parks and better management of their resources. The proposal is spelled out in complete detail in this ballot for you to read.

Proposition 1 does not threaten state finances. If fiscal conditions do not permit, the Proposition 1 bonds need not be sold. However, even in difficult times, it is clearly a sound investment to acquire today recreational lands and facilities which are urgently needed by the public, but which are rapidly increasing in cost, and to pay for them at bond interest rates (7 percent or less) that are about half the rate of inflation.

The opponents' assertion that nearly half of California is publicly owned ignores the fact that most public forests and deserts are far from the people who seek recreational opportunities. Proposition 1 requires that new recreation areas be

provided near population centers to relieve the worst overcrowding at existing parks and to reduce travel-related energy costs.

Contrary to the opponents' claims, Proposition 1 puts strict limits on administrative costs and salaries. They are also wrong about water conservation: a loan program will stretch dollars. When repaid, the money can be reinvested in additional projects that will further extend our water supply.

The choice is clear and it's yours. Invest in your future: vote *YES* on 1.

**JOHN A. NEJEDLY,**

*Republican State Senator, 7th District  
Chairman, Senate Committee on  
Natural Resources and Wildlife*

**EDMUND G. BROWN JR.**  
*Governor*

**TOM BRADLEY**  
*Mayor, City of Los Angeles*

## Official Title and Summary Prepared by the Attorney General

<b>FOR THE VETERANS BOND ACT OF 1980.</b> This act provides for a bond issue of seven hundred fifty million dollars (\$750,000,000) to provide farm and home aid for California veterans.	
<b>AGAINST THE VETERANS BOND ACT OF 1980.</b> This act provides for a bond issue of seven hundred fifty million dollars (\$750,000,000) to provide farm and home aid for California veterans.	

## FINAL VOTE CAST BY LEGISLATURE ON AB 1963 (PROPOSITION 2)

Assembly—Ayes, 69  
Noes, 0

Senate—Ayes, 28  
Noes, 0

## Analysis by Legislative Analyst

**Background:**

Since 1921, the state has been authorized to sell bonds in order to finance the veterans' farm and home loan programs. The proceeds from the bond sales are used by the Department of Veterans Affairs to purchase farms, homes and mobilehomes on behalf of qualified California veterans. These properties are then resold to the veterans. Each participating veteran makes monthly payments designed to (1) reimburse the department for the costs it incurs in purchasing the farm, home or mobilehome, (2) cover all costs resulting from the sale of the bonds, including the bond interest, and (3) cover the costs of operating the loan program. Because the state is able to borrow at interest rates that are well below those charged to individuals, the monthly payments in purchasing a home under this program are less than what a veteran would otherwise pay.

The total amount of bonds authorized for this program by the electorate since 1921 is nearly \$3.9 billion. In each case, the state guarantees the bondholder that the amount borrowed, as well as interest on this amount, will be repaid. Under the veterans' loan program, the maximum loan amount is \$55,000 for homes and \$180,000 for farms. Existing law permits a \$5,000 increase in these loan amounts for homes equipped with solar energy heating devices.

As amended by Chapter 1, Statutes of 1980, existing law also requires the Department of Veterans Affairs to reserve for two years 10 percent of the proceeds from the 1980 Bond Act, and each subsequent veterans bond act, for the construction, purchase, or improvement of homes that are equipped with, or to be improved by,

the installation of solar energy heating devices, other than devices for heating swimming pools, hot tubs, saunas, and spas. Any unused portion of this reserve would be available for the regular loan program after the two-year period.

**Proposal:**

This proposition, the Veterans Bond Act of 1980, would authorize the issuance and sale of \$750 million of state bonds to continue the loan program. These bonds would be fully backed by the state.

**Fiscal Effect:**

Assuming the proposed bonds are sold at an average interest rate of 7 percent and are paid off over a 25-year period, the total interest cost on the bonds would be about \$760 million.

The extent to which the state would incur any net costs under the proposition would depend on how much was recovered from veterans through monthly payments. If payments by veterans participating in the farm and home loan program did not cover the costs of the bonds, the state's taxpayers would be required to pay the difference. However, the loan program has been totally supported throughout its history by the participating veterans at no cost to the general taxpayer.

State and local bond interest costs could be increased by an unknown, but probably moderate, amount if the sale of these new bonds results in a higher overall interest rate for state and local bonds.

## Text of Proposed Law

This law proposed by Assembly Bill 1963 (Statutes of 1980, Chapter 1) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Military and Veterans Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED LAW

SEC. 3. Article 5p (commencing with Section 998.041) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

#### *Article 5p. Veterans Bond Act of 1980*

998.041. *This article may be cited as the Veterans Bond Act of 1980.*

998.042. *The State General Obligation Bond Law, except as otherwise provided herein, is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this article, and the provisions of that law are included in this article as though set out in full in this article. All references in this article to "herein" shall be deemed to refer both to this article and such law.*

998.043. *As used in this article and for the purposes of this article as used in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720), Part 3, Division 4, Title 2 of the Government Code, the following words shall have the following meanings:*

(a) *"Bond" means veterans bond, a state general obligation bond issued pursuant to this article adopting the provisions of the State General Obligation Bond Law.*

(b) *"Committee" means the Veterans' Finance Committee of 1943, created by Section 991.*

(c) *"Board" means the Department of Veterans Affairs.*

(d) *"Fund" means the Veterans' Farm and Home Building Fund of 1943, created by Section 988.*

(e) *"Bond act" means this article authorizing the issuance of state general obligation bonds and adopting Chapter 4 (commencing with Section 16720), Part 3, Division 4, Title 2 of the Government Code by reference.*

998.044. *For the purpose of creating a fund to provide farm and home aid for veterans in accordance with the provisions of the Veterans' Farm and Home Purchase Act of 1974 and of all acts amendatory thereof and supplemental thereto, the Veterans' Finance Committee of 1943, created by Section 991, shall be and hereby is authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of seven hundred fifty million dollars (\$750,000,000), in the manner provided herein, but not otherwise, nor in excess thereof.*

998.045. *All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof.*

*There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the state, as shall be required to pay the principal and interest on such bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collections of such revenue, to do and perform each and every act which shall be necessary to collect such additional sum.*

*On the several dates on which funds are remitted pursuant to Section 16676 of the Government Code for the payment of the then maturing principal and interest of the bonds in each fiscal year, there shall be returned into the General Fund in the State Treasury, all of the money in the Veterans' Farm and Home Building Fund of 1943,*

*not in excess of the principal of, and interest on, such bonds then due and payable, except as hereinafter provided for the prior redemption of such bonds, and, in the event such money so returned on said remittance dates is less than such principal and interest then due and payable, then the balance remaining unpaid shall be returned into the General Fund in the State Treasury out of the Veterans' Farm and Home Building Fund of 1943 as soon thereafter as it shall become available, together with interest thereon from such dates of maturity until so returned at the same rate as borne by such bonds, compounded semiannually.*

998.046. *There is hereby appropriated from the General Fund in the State Treasury for the purpose of this article, such an amount as will equal the following:*

(a) *Such sum annually as will be necessary to pay the principal of, and the interest on, the bonds issued and sold pursuant to the provisions of this article, as such principal and interest become due and payable.*

(b) *Such sum as is necessary to carry out the provisions of Section 998.047, which sum is appropriated without regard to fiscal years.*

998.047. *For the purposes of carrying out the provisions of this article, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out this article. Any amounts withdrawn shall be deposited in the Veterans' Farm and Home Building Fund of 1943. Any moneys made available under this article to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this article, together with interest at the rate of interest fixed in the bonds so sold.*

998.048. *Upon request of the Department of Veterans Affairs, supported by a statement of the plans and projects of such department with respect thereto, and approved by the Governor, the Veterans' Finance Committee of 1943 shall determine whether or not it is necessary or desirable to issue any bonds authorized under this article in order to carry such plans and projects into execution, and, if so, the amount of bonds then to be issued and sold. Successive issues of bonds may be authorized and sold to carry out said plans and projects progressively, and it shall not be necessary that all the bonds herein authorized to be issued shall be sold at any one time.*

998.049. *So long as any bonds authorized under this article may be outstanding, the Director of Veterans Affairs shall cause to be made at the close of each fiscal year, a survey of the financial condition of the Division of Farm and Home Purchases, together with a projection of the division's operations, such survey to be made by an independent public accountant of recognized standing. The results of such surveys and projections shall be set forth in written reports, and such independent public accountant shall forward copies of such reports to the Director of Veterans Affairs, the members of the California Veterans Board, and to the members of the Veterans' Finance Committee of 1943. The Division of Farm and Home Purchases shall reimburse such independent public accountant for his services out of any funds which such division may have available on deposit with the Treasurer of the State of California.*

998.050. *The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.*

998.051. *Whenever bonds are sold, out of the first money realized from their sale, there shall be redeposited in the General Obligation Bond Expense Revolving Fund established by Section 16724.5 of the Government Code such sums as have been expended for the purposes specified in Section 16724.5 of the Government Code, which may be used for the same purpose and repaid in the same manner whenever additional sales are made.*



### Argument in Favor of Proposition 2

For nearly 60 years the people of California have recognized a special debt of honor to fellow Californians who have served our country in the armed forces. This recognition has been expressed in the Cal-Vet loan program, which enables California veterans to qualify for low-interest loans to purchase or improve homes, mobilehomes, and farms.

*The program costs taxpayers nothing. It is entirely self-supporting; the debt is self-liquidating.* Voter-approved general obligation bonds to finance the program are repaid, as are all administrative costs, from the loan payments made by veterans holding loans. Financially, the program has proved to be unfailingly safe and sound.

Along with assisting veterans in their efforts to rejoin the "mainstream" of California life, the Cal-Vet program benefits the entire state economy and social fabric. Directly and indirectly, Cal-Vet home and farm loans generate thousands of California jobs, millions of dollars in payroll, and economic opportunities for all the industries and businesses, professions and trades connected with or serving the housing market. Last year \$566 million in Cal-Vet loan funds entered and strengthened the California economy.

The 1980 Bond Act has one new provision, resulting from the energy crisis and California's need for energy diversity and conservation. The act requires that 10 percent of the authorized bond moneys be allocated or reserved for the construction, purchase, or improve-

ment of veterans' homes equipped, or to be equipped, with solar energy heating devices for essential home heating. This provision will apply for a two-year period starting on the date of the first issue of bonds authorized in this act.

There are 3.3 million California veterans in the state. Of these, 70,000 are women. More than 347,000 California veterans have been able to become home and farm owners through the Cal-Vet program. They include men and women who served in World War I, World War II, Korea, and Vietnam.

Loan applications by qualified veterans have been particularly steady and numerous since the 1978 Veterans Bond Act was approved by voters. The 1980 act is urgent and necessary if the program is to continue in a manner fair, equitable, and efficient for all applicants. The act was placed on the ballot by votes of 69-0 in the Assembly and 28-0 in the Senate.

We respectfully ask you to vote FOR Proposition 2, the Veterans Bond Act of 1980. Your approval will enable qualified California veterans to buy homes and farms in our state at low interest cost to them and at no tax cost to you.

**JACK R. FENTON**  
*Member of the Assembly, 59th District*

**RICHARD ALATORRE**  
*Member of the Assembly, 55th District*

**ROBERT G. BEVERLY**  
*State Senator, 27th District*

### Rebuttal to Argument in Favor of Proposition 2

Ballot measures can be misleading. Each one must be studied carefully.

Proponents of this measure suggest that government can borrow money on the open market and then loan it to individuals at only 7 percent interest (half the market rate) without costing taxpayers a penny.

If that were possible, government could borrow money for everyone and we could all receive 7 percent loans in this 14 percent world! In reality, it is not possible. Someone has to pay the difference. Under the Cal-Vet program, that "someone" is every California and federal taxpayer.

General obligation bonds are sold to corporations and wealthy persons. They are the "bondholders." The bonds themselves pay only about 7 percent interest. Since large investors can safely make over 14 percent on the open market, bonds could not be sold if this 7 percent were the total investment return. The rest of

the return comes from federal and state income tax exemptions.

Under Proposition 2, the Legislative Analyst projects that bondholders would get back their \$750 million investment with \$760 million interest (at 7 percent over 25 years). Bondholders count on receiving *at least* another 7 percent or \$760 million, in tax exemptions. Every Californian who pays federal or state taxes would have to pay more to help make up the loss.

Only by completely ignoring these massive tax exemptions can the Cal-Vet program be called "self-supporting."

Proponents of any ballot measure should bear the burden of showing the *true* cost and *actual* beneficiaries. That burden has not been met.

**GARY WESLEY**  
*Attorney at Law*

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### Argument Against Proposition 2

Under the California Constitution, the State Legislature must get the permission of voters to borrow money by selling bonds. Since 1921, the Legislature has requested and received our permission—17 times—to borrow money for the Cal-Vet loan program. For the following reasons, the time has come to say NO.

First, the Cal-Vet program has never operated tax free. Government can borrow and then loan money at low rates of interest only because it pays the balance indirectly—through state and federal income tax exemptions for bondholders.

Second, the program is not restricted to veterans who have risked their lives for our country or who are disadvantaged as a result of their military service. Any veteran from California who served in any capacity in the last 25 years is eligible for a subsidized loan.

Third, the program discriminates against veterans who have chosen to make California their residence *after* they served in the military. Only veterans who were California residents when they joined the military are eligible.

Fourth, the program's impact on housing starts and jobs is speculative. It probably increases demand slightly and thereby raises the price of homes. What is certain is that our tax money need not be given to veterans, and no other citizens, to provide this alleged economic stimulus.

Fifth, veterans from all 50 states may apply to the federal Veterans Administration for low-interest home loans. California should not continue to operate a program that largely duplicates efforts at the federal level. Instead, we should consider *other programs* to assist deserving citizens, including those who served in the military.

In 1976 and again in 1978, voters approved half-billion-dollar bond measures to support the Cal-Vet program. The Legislature is already back for more. This request—\$750,000,000—is the largest ever. I urge a NO vote on Proposition 2.

GARY WESLEY  
*Attorney at Law*

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### Rebuttal to Argument Against Proposition 2

Serving in the armed forces almost always carries the risk of combat duty or duty close to combat areas. The servicemen usually can't choose the type of duty.

Further, military service usually entails separation from home, family, and livelihood for long periods of time.

In short, the personal sacrifice of military service is considerable. California, with its home loan program, has recognized this since 1922. It would be discriminatory ingratitude to halt the Cal-Vet program now.

Most other states have given veterans cash bonuses; California instead provided a program of most lasting usefulness and benefit. The program is properly for those veterans who are native Californians or were residents of California at the time of their enlistment in the service.

Veterans' home loans through the Federal Veterans Administration are not, as the opposition states, "low-

interest" loans. At this writing, such loans command 11 percent interest, nearly double Cal-Vet interest rates.

Tax-exempt bonds have been a thoroughly efficient and prudent way to finance worthwhile state and municipal programs. With their lower bond interest rates, state bonds need to be tax exempt to compete in the money markets with investments that pay a much higher return to investors.

The Cal-Vet program makes economic and social sense, and its self-liquidating features spare taxpayers any new burden whatever. Let's not turn our backs on California's veterans. Vote FOR Proposition 2.

JACK R. FENTON  
*Member of the Assembly, 59th District*

RICHARD ALATORRE  
*Member of the Assembly, 55th District*

ROBERT G. BEVERLY  
*State Senator, 27th District*

## Official Title and Summary Prepared by the Attorney General

**STATE CAPITOL MAINTENANCE. LEGISLATIVE CONSTITUTIONAL AMENDMENT.** Prohibits any bill taking effect as urgency statute if it contains authorization or appropriation for alteration or modification of specified historically restored areas of State Capitol or for purchase of furniture of design different from the historic period of the Capitol restoration. Prohibits expenditure for above purposes without express appropriation. Fiscal impact on state or local governments: No immediate fiscal effect. By making it more difficult to change the restored Capitol and furnishings, there could be future cost avoidance.

## FINAL VOTE CAST BY LEGISLATURE ON SCA 65 (PROPOSITION 3)

Assembly—Ayes, 54  
Noes, 24

Senate—Ayes, 30  
Noes, 0

## Analysis by Legislative Analyst

**Background:**

The California State Capitol Building in Sacramento was initially occupied in 1869. Various building alterations have been made since the original construction. The most recent alteration began in 1976 and is expected to be completed in 1981. This latest alteration includes (1) major reconstruction to make the building structurally safe during earthquakes, and (2) restoration of the building and certain furniture to return them to their historical appearance. The reconstruction/restoration work has not been finished, but the completed project is currently expected to cost over \$63 million.

**Proposal:**

This proposition would impose additional requirements on the making of future alterations or modifications to the historically restored areas of the State

Capitol. Specifically, expenditures for alterations or modifications could not be made except from funds specifically appropriated for that purpose. Further, a statute authorizing such work or specifically appropriating such funds could not become effective immediately as an urgency statute.

This limitation would affect only the historically restored areas and furniture in the State Capitol. It would not apply to expenditures for ordinary repair and maintenance of the building, fixtures and furniture.

**Fiscal Effect:**

This proposition would have no immediate, direct fiscal effect. By making it more difficult to change the restored Capitol and furnishings, it could prevent future changes in these restorations, thereby resulting in cost avoidances in the future.

**Vote on Election Day, June 3**

## Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 65 (Statutes of 1978, Resolution Chapter 56) expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED AMENDMENT TO ARTICLE IV

*SEC. 28. (a) Notwithstanding any other provision of this Constitution, no bill shall take effect as an urgency statute if it authorizes or contains an appropriation for either (1) the alteration or modification of the color, detail, design, structure or fixtures of the historically restored areas of the first, second, and third floors and the exterior of the west wing of the State Capitol*

*from that existing upon the completion of the project of restoration or rehabilitation of the building conducted pursuant to Section 9124 of the Government Code as such section read upon the effective date of this section, or (2) the purchase of furniture of different design to replace that restored, replicated, or designed to conform to the historic period of the historically restored areas specified above, including the legislators' chairs and desks in the Senate and Assembly Chambers.*

*(b) No expenditures shall be made in payment for any of the purposes described in subdivision (a) of this section unless funds are appropriated expressly for such purposes.*

*(c) This section shall not apply to appropriations or expenditures for ordinary repair and maintenance of the State Capitol building, fixtures and furniture.*

**Polls are open from 7 a.m. to 8 p.m.**

### Argument in Favor of Proposition 3

At present, the Capitol of the State of California is being restored at a cost of \$63.8 million. When the project is done, both the interior and exterior of the building will have been restored to the magnificent appearance they presented 75 years ago.

Proposition 3 will provide constitutional protection for the public investment in the Capitol after its restoration is complete. Its enactment will mean the public will be aware in advance of any proposal to alter or modify the Capitol. Instead of casual alterations being made by politically powerful individuals, any changes would first have to be proposed to the Legislature and would be subject to the normal scrutiny given any suggestion to spend public tax dollars.

Furthermore, funds for modifications could not be hidden in other legislation. Proposition 3 will permit only routine repairs and maintenance without the need for legislation.

The need for Proposition 3 grew out of discoveries made by restoration project contractors during the dismantling work done prior to making the Capitol building earthquake resistant.

During the more than 100 years since the Capitol was built, extensive changes have made the building internally unrecognizable to the original occupants.

Its original decoration was destroyed or coated with layers of paint and plaster. Major meeting rooms were sliced up into smaller offices, and historic interior decor was lost. Grand staircases that connected major floors of the Capitol were ripped out, never to be seen again.

Additionally, the building was very much weakened by structural changes. The present restoration project was undertaken when engineers declared that the building might collapse.

The exterior of the building also suffered. In the 1950's the State Architect stripped the Capitol of its exterior sculpture and removed massive stone and iron gates. The stated purpose was to make the Capitol match the drab new office building to the east of the Capitol.

The State Capitol is an important part of California's heritage. Future generations will appreciate our foresight if we take this step to provide safeguards to preserve it.

Your YES vote on Proposition 3 will help protect the historical integrity and architectural beauty of the Capitol for future generations.

**JAMES R. MILLS**  
*State Senator, 40th District*  
*President pro Tempore of the Senate*

### Rebuttal to Argument in Favor of Proposition 3

How many things must we put into our Constitution? Surely not the individual protection of a historic building.

Common sense indicates that a \$64 million restoration of the largest state's Capitol Building, complete with daily tours, will not be improperly altered by an elected government official or bureaucrat.

If you would not choose to needlessly clutter our Constitution with the absolute protection of the hundreds

of historic buildings in California, all having good justification for their historic status, why place just one in our Constitution?

Let's save our Constitution for life, liberty, and the pursuit of happiness.

**EUGENE A. CHAPPIE**  
*Member of the Assembly, 3rd District*

**STAN STATHAM**  
*Member of the Assembly, 1st District*

## Argument Against Proposition 3

Proposition 3 is a perfect example of misuse of the Constitution by ballot measure.

There is absolutely no reason to lock into the Constitution "color, detail, design structure or fixtures" as well as "the purchase of furniture" for our historic State Capitol.

It appears that the authors of this proposition want to be sure that no future Legislature can alter the looks of the Capitol—it is to be preserved forever as they designed it.

If this is not their purpose, if they wish only to prevent precipitous change, rather than considered change, then means other than amendments to the Constitution are available. The Legislature has only to pass a law prohibiting any changes in the restored Capitol without prior legislative approval.

Our State Constitution sets forth the broad outlines of

state government, the relationships between the governed and the people they elect, and the relations of one part of the government structure to all other parts.

The Constitution is supposed to lay out the fundamental outlines of government while the specific details of law are left to the statutory and common law.

This proposition assumes as fundamental state policy that the existing Capitol restoration project should be protected against future change by imposing constitutional stumblingblocks.

We should leave the state's Constitution alone except for major changes in government—like Proposition 13.

We urge a "NO" vote on Proposition 3.

**EUGENE A. CHAPPIE**

*Member of the Assembly, 3rd District*

**STAN STATHAM**

*Member of the Assembly, 1st District*

## Rebuttal to Argument Against Proposition 3

A century of alterations wrought upon the Capitol is adequate proof that historical integrity of the building needs to be protected against capricious change.

Opponents suggest that Proposition 3 would "lock into the Constitution the color, detail, design structure : fixtures as well as the purchase of furniture." It would do nothing of the kind.

Proposition 3 simply would provide that the procedures that the Legislature must follow in making alterations to any other state building would apply also to the Capitol.

This is only reasonable. Proposition 3 gives to citizens concerned about the Capitol the opportunity to express

themselves before changes are made to it.

The Capitol building is a structure that belongs to the past, the present and the future. It is not the property of the Legislature; rather, it belongs to the people of California. It should not be altered surreptitiously. History cannot be repeated, but it can be duplicated. The need has been demonstrated for constitutional protection of this important public investment.

An AYE vote on Proposition 3 assures this protection.

**JAMES R. MILLS**

*State Senator, 40th District*

*President pro Tempore of the Senate*

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Official Title and Summary Prepared by the Attorney General

**LOW-RENT HOUSING. LEGISLATIVE CONSTITUTIONAL AMENDMENT.** Eliminates present requirement of advance approval at an election before a low-rent housing project can be developed, constructed, or acquired by a state public body. Substitutes therefor provisions that require advance public notice of such a project and subjects the project to a referendum election upon petition by 10 percent of the electors within 60 days of the notice. If project is not disapproved at the referendum election or no referendum is requested, the public body may proceed with the project without further referendum. Fiscal impact on state or local governments: Local election costs would be reduced by an unknown, but probably minor, amount. Possibly future public expenditure for low-rent housing would be increased.

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**FINAL VOTE BY LEGISLATURE ON ACA 47 (PROPOSITION 4)**

Assembly—Ayes, 57  
Noes, 10

Senate—Ayes, 28  
Noes, 7

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**Analysis by Legislative Analyst**

**Background:**

The California Constitution prohibits the state or a local public body from developing, constructing, or acquiring a low-rent housing project unless it is approved by the voters in an election held in the city, town, or county where the project is to be located. A low-rent housing project is defined as a government-aided development composed of dwellings, apartments, or other living quarters for rental to persons or families who do not have enough income without financial assistance to live in decent, safe, uncrowded, and sanitary homes.

**Proposal:**

This measure would remove the requirement that every low-rent housing project be approved by a vote of the people in the city, town, or county where the project is to be located. Instead, the public body which proposes such a project would be required to give public notice of the proposal, and a vote of the people

would be required only if a petition is signed by a certain percentage of the qualified electors in the affected city or county area. The number of signatures required to place the proposal before the voters would be equal to 10 percent of the votes cast for Governor in the last election by voters in the affected city or county area. An election would have to be held if the signed petitions are submitted within 60 days after the public notice is given.

**Fiscal Effect:**

The adoption of this measure would reduce local election costs by an unknown, but probably minor, amount. To the extent that this change in voting requirements makes it easier to establish low-rent housing, this proposition would result in increased public expenditures. The extent of such increase can be determined only by experience.

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**Study the Issues Carefully**

## Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 47 (Statutes of 1978, Resolution Chapter 72) and amended by Assembly Constitutional Amendment 8 (Statutes of 1979, Resolution Chapter 32) expressly amends the Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

### PROPOSED AMENDMENT TO ARTICLE XXXIV

SECTION 1. ~~No low rent housing project shall hereafter be developed, constructed, or acquired in any manner by any state public body until, a majority of the qualified electors of the city, town or county, as the case may be, in which it is proposed to develop, construct, or acquire the same, voting upon such issue, approve such project by voting in favor thereof at an election to be held for that purpose, or at any general or special election. Before a state public body develops, constructs, or acquires a low rent housing project, it shall provide public notice of the proposed development, construction, or acquisition. Thereafter, the proposed development, construction, or acquisition shall be subject to referendum in the manner prescribed herein.~~

*If a low rent housing project is proposed to be located in an unincorporated portion of the county, the county board of supervisors shall specify in the public notice the area of the county it determines will be substantially affected by the proposed low rent housing project, including any substantially affected area of a city or cities within the county.*

*A referendum shall be held if a petition signed by qualified electors of the city and county, city, or the area of the county specified by the county board of supervisors in which the project will be located, numbering not less than 10 percent of the total votes cast within such city and county, city, or area at the last gubernatorial election for all candidates for Governor, is submitted to the clerk of the legislative body of the city and county, city or county within 60 days of the date of the public notice required by this section. If a*

*majority of the qualified electors of the city and county, city, or area of the county specified by the county board of supervisors voting on the referendum disapprove of the proposed development, construction, or acquisition of the low rent housing project, the state public body shall not proceed with such project. If a referendum is not held pursuant to this section, or if held, the proposed development, construction, or acquisition is not disapproved, the state public body may proceed with the development, construction, or acquisition of the low rent housing project, and the development, construction, or acquisition of such project shall not be subject to further referendum.*

For the purposes of this article the term "low rent housing project" shall mean any development composed of urban or rural dwellings, apartments or other living accommodations for persons of low income, financed in whole or in part by the Federal Government or a state public body or to which the Federal Government or a state public body extends assistance by supplying all or part of the labor, by guaranteeing the payment of liens, or otherwise.

For the purposes of this article only there shall be excluded from the term "low rent housing project" any such project where there shall be in existence on the effective date hereof, a contract for financial assistance between any state public body and the Federal Government in respect to such project.

For the purposes of this article only "persons of low income" shall mean persons or families who lack the amount of income which is necessary (as determined by the state public body developing, constructing, or acquiring the housing project) to enable them, without financial assistance, to live in decent, safe and sanitary dwellings, without overcrowding.

For the purposes of this article the term "state public body" shall mean this State, or any city, city and county, county, district, authority, agency, or any other subdivision or public body of this State.

For the purposes of this article the term "Federal Government" shall mean the United States of America, or any agency or instrumentality, corporate or otherwise, of the United States of America.



## Argument in Favor of Proposition 4

California is now experiencing a crisis in its housing market unparalleled in our recent history. Rents throughout the state have climbed, despite the passage of Proposition 13. For example, rents climbed 22 percent in Los Angeles from 1977 to the beginning of 1979 and 23 percent in San Diego. The large rent increases of the past two years have hit especially hard at the elderly on fixed incomes. The number of elderly on the waiting lists for publicly assisted housing has grown dramatically from 86,000 in 1977 to 120,400 last year.

Home prices continue to soar—placing the dream of homeownership out of the reach of hundreds of thousands of young families. Only two in ten families can afford to buy a medium-priced home. The median home price in California is now over \$70,000, representing 200 percent inflation in prices since 1970.

Housing industry and consumer groups agree that a shortage of housing is at the heart of the housing crunch. Proposition 4 is one step that we must take to spur new construction and ease the burden of high rents and high home prices. This measure modifies an outdated constitutional provision that now requires a local election on government-assisted housing developments (for the elderly, for example), regardless of whether or not there is any community opposition and regardless of whether there are any costs to state or local governments. At the same time, Proposition 4 retains the right of citizens to vote on these developments through the referendum by petition process which is traditional to California. We urge your YES vote for the following reasons:

*Proposition 4 will spur new housing construction for the elderly, handicapped, and families in need.* The present mandatory election requirement has discouraged many

communities from seeking millions of dollars in federal construction money which you pay for and which is now channeled to other states. New construction will mean more jobs.

*Proposition 4 will cut local government costs.* The present law requires expenditure of thousands of dollars in taxpayers' money for each election—whether or not there is any opposition to a development and despite the fact that voters have voted YES on housing measures in over 90 percent of the local elections held since 1974.

*Proposition 4 retains popular control over government at the same time that it recognizes the need for decent housing.* It is important to note that the opponents of decent housing for the elderly, handicapped, and families in need can still petition for an election if this proposition is approved.

This proposition passed the Legislature by an overwhelming margin. It is supported by countless consumer, labor, business, and civic organizations who recognize the devastating impact of today's inflationary home prices and rents. *Vote YES on Proposition 4.*

**WILLIE L. BROWN, JR.**  
*Member of the Assembly, 17th District*  
*Majority Floor Leader*

**HOWARD BERMAN**  
*Member of the Assembly, 43rd District*  
*Democratic Caucus Chair*

**CHARLES IMBRECHT**  
*Member of the Assembly, 36th District*  
*Republican Caucus Chair*

## Rebuttal to Argument in Favor of Proposition 4

Every time politicians want more of your tax money, they holler "crisis." Their solution is to spend more of your taxes, telling you they are going to save you money. That's a laugh.

Everyone wants decent housing for elderly and handicapped people, but there is no guarantee in Proposition 4 that even one house or apartment will be built. All Proposition 4 does is make it easier to vote your taxes to give the "poor" subsidized housing.

Working people pay most of the federal and state taxes and wouldn't even qualify to live in tax-exempt low-income public housing, yet they end up paying for it.

We all have to pay property taxes on our houses, or in our rent. The people in tax-exempt low-income public housing don't pay any. We get stuck with their share of the costs.

Make no mistake about it . . . the inflation in housing prices is due to government, not builders or workers. Inflation

is caused by expensive government programs, and this proposition would make spending easier.

Housing costs more because federal and state government is sticking its nose into business where it doesn't have the knowledge.

The proponents don't even mention they are going to take away your automatic right to vote for or against tax-exempt low-income public housing projects. Remember, if this proposition passes, you will have to go out and sit in shopping centers to get signatures just to retain your right to vote.

**VOTE "NO" ON PROPOSITION 4.**

**ROBERT C. CLINE**  
*Member of the Assembly, 37th District*

**H. L. RICHARDSON**  
*State Senator, 25th District*

## Arguments Against Proposition 4

Let's set the record straight. Right now you have the automatic right to vote for or against the construction of tax-exempt low-income public housing projects.

If you vote yes on this proposition, you will lose this automatic right and substitute a right almost impossible to exercise. Vote NO on Proposition 4.

What does this proposition do? If you want to protest a low-income public housing project in your community, *you* have to go out and get signatures on a petition asking for an election on it, all in just 60 days. For example, you would need 78,000 signatures in Los Angeles, 23,000 in San Francisco and San Diego, a virtually backbreaking task, just to preserve the right you already have now. If Proposition 4 passes, any decision to build low-income public housing by local government is final and irreversible *for 40 years*, unless you go out and gather enough signatures.

Vote NO on Proposition 4.

We have protection now. *Let's not give up our automatic right to vote to approve or reject low-income public housing.*

Tax-exempt low-income public housing projects always require local government services like fire and police protection, roads and streets and many more. But, because public housing is tax exempt, you end up carrying an extra tax load. Even though your community might receive some government tax money, the amount is always less than the services cost the taxpayer.

Because local property taxes are now lower due to "Proposition 13," in order to finance services to public housing projects, the working people would get lower levels of service or would have to increase taxes to pay for essential services.

In 1971 the U.S. Supreme Court ruled that the present automatic vote was constitutional when it declared: "This procedure insures that all people of the community will have a voice in a decision which may lead to large expenditures of local revenues. It gives them a voice in decisions that will affect the future development of their own community. The procedure . . . involves democratic decisionmaking . . ."

Retain your right to vote. Vote NO on Proposition 4.

Proponents of Proposition 4 will say that this measure will save taxes and ease the way for housing for poor people and the elderly. **BALONEY!** It's the working people and the elderly who have been footing the bill for too long.

Vote NO on Proposition 4.

**ROBERT C. CLINE**

*Member of the Assembly, 37th District*

It is very important that the voters of California know just who is pushing Proposition 4. In the official records of the Legislature, one of the major support groups pushing Proposition 4 is an element of former radical leader Tom Hayden's so-called Campaign for Economic Democracy (CED). The CED, supported by Tom Hayden and Jane Fonda, by its own admission, is organizing locally and involving itself in these types of issues. We must vote no on Proposition 4 and prevent a power grab by these groups. If Proposition 4 passes, the effects on established community patterns and property values would be devastating.

**H. L. RICHARDSON**

*State Senator, 25th District*

## Rebuttal to Arguments Against Proposition 4

Proposition 4 does not take away your right to vote on publicly assisted housing developments. It eliminates unnecessary and costly elections. The referendum by petition process contained in Proposition 4 is a longstanding California tradition. All other local government decisions (except tax measures) are subject to referendum by petition. Why should housing for the elderly be treated differently?

Requiring elections for every project, even when there is no local opposition, is a stupid waste of taxpayers' money. The last election in Los Angeles cost \$75,000; in Sacramento, \$45,000. In modern times, almost every project has been approved. Not one elderly housing project has been rejected in the recent past.

The opponents' argument that the signature requirement is onerous is laughable. Voters, by placing numerous initiatives on the ballot, have proven that they can collect the necessary signatures.

Contrary to opponents' claims, almost every housing development affected by Proposition 4 pays full property taxes.

Proposition 4 is not the work of radicals, as the opponents would have you believe. It has strong bipartisan support. It was opposed by only one Democratic legislator and less than one-half of the Republican members. The present leadership of both parties in the Assembly voted for the measure. It was strongly supported by responsible groups, such as the League of Women Voters, the League of Cities, the California Labor Federation, the State Commission on Aging, numerous senior citizen organizations, and the California Builders Council.

We urge you to vote YES on Proposition 4.

**WILLIE L. BROWN, JR.**

*Member of the Assembly, 17th District  
Majority Floor Leader*

**HOWARD BERMAN**

*Member of the Assembly, 43rd District  
Democratic Caucus Chair*

**CHARLES IMBRECHT**

*Member of the Assembly, 36th District  
Republican Caucus Chair*

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Official Title and Summary Prepared by the Attorney General

**FREEDOM OF PRESS. LEGISLATIVE CONSTITUTIONAL AMENDMENT.** Maintains existing guarantees of free speech and press. Adds provisions prohibiting any contempt citation by a judicial, legislative, or administrative body against a publisher, editor, reporter, or other person connected with a newspaper, magazine, wire service, or radio or television news for refusing to disclose sources of information or unpublished information obtained in course of processing information for communication to the public. Fiscal impact on state or local governments: No significant fiscal impact.

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**FINAL VOTE CAST BY LEGISLATURE ON ACA 4 (PROPOSITION 5)**

Assembly—Ayes, 54  
Noes, 22

Senate—Ayes, 27  
Noes, 6

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Analysis by Legislative Analyst

**Background:**

Since 1935, laws enacted by the California Legislature have protected the confidential information sources of persons employed by or connected with the news media. The law provides that such persons may *not* be held in contempt by a judicial, legislative, administrative body or other body having the power to issue subpoenas for refusing to (1) disclose the source of any information obtained by them for publication, or (2) reveal any unpublished information obtained in the preparation of a news story.

In recent years, California courts have held that these laws conflict with a court's authority under the California Constitution to protect its own processes and its duty arising under the Federal Constitution to conduct a fair trial.

In addition, the United States Supreme Court held in 1972 that the Federal Constitution's guarantee of free-

dom of the press does not give a newsperson the right to refuse to appear before a grand jury and testify about relevant information he or she has obtained, even though, in so doing, confidential sources may be divulged. The court recognized, however, that there was merit in allowing legislatures to set their own standards with respect to the relations between law enforcement officials and the press in their own states.

**Proposal:**

This measure would place in the California Constitution provisions of existing law enacted by the Legislature to protect news sources, thereby granting a state constitutional protection for these rights.

**Fiscal Effect:**

This amendment would have no significant fiscal impact on the state or local governments.

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**Apply for Your Absentee Ballot Early**

## Argument in Favor of Proposition 5

The free flow of information to the public is one of the fundamental cornerstones assuring freedom in America. Guarantees must be provided so that information to the people is not inhibited. However, that flow is currently being threatened by actions of some members of the California Judiciary. They have created exceptions to the current Newsman's Shield Law, which protects the confidentiality of reporters' news sources. And the use of confidential sources is critical to the gathering of news. *Unfortunately, if this right is not protected, the real losers will be all Californians who rely on the unrestrained dissemination of information by the news media.*

This amendment merely places into the state's Constitution protection already afforded journalists by statute. That law, enacted in 1935, in clear and straightforward language, provides that reporters cannot be held in contempt of court for refusing to reveal confidential sources of information. At least six reporters in California in recent years have spent time in jail rather than disclose their sources to a judge. By giving existing law constitutional status, judges will have to give the protection greater weight before attempting to compel reporters to breach their pledges of confidentiality.

A reporter's job, of course, is not to withhold information, but to convey it to the public. In most cases, a reporter is able to reveal corruption and malfeasance within government only with the help of an honest employee. If such an individual feels that a reporter's pledge of confidentiality may be broken under the threat of jail, that person simply will not come forward with his or her information.

If our democratic form of government—of the people, by the people, for the people—is to survive, citizens must be informed. *A free press protects our basic liberties by serving as the watchdogs of our nation.* Citizens may agree or disagree with reports in the media, but they have been informed, and the final choice is made by the individual.

To jail a journalist because he protected his source is an assault not only on the press but on all Californians as well.

**JERRY LEWIS**

*Member of Congress, 37th District*

**ROBERT RAWITCH**

*Chairman, California Freedom of Information Committee*

**CHARLES R. IMBRECHT**

*Member of the Assembly, 36th District*

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Argument printed on this page is the opinion of the authors and has not been checked for accuracy by any official agency  
No argument against Proposition 5 was submitted

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## Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 4 (Statutes of 1978, Resolution Chapter 77) expressly amends the Constitution by amending a section thereof; therefore, new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

**PROPOSED AMENDMENT TO  
ARTICLE I**

SEC. 2. (a) Every person may freely speak, write and publish his or her sentiments on all subjects, being responsible for the abuse of this right. A law may not restrain or abridge liberty of speech or press.

(b) *A publisher, editor, reporter, or other person connected with or employed upon a newspaper, magazine, or other periodical publication, or by a press association or wire service, or any person who has been so connected or employed, shall not be adjudged in contempt by a judicial, legislative, or administrative body, or any other body having the power to issue subpoenas, for refusing to disclose the source of any information procured while so connected or employed for publication in a newspaper, magazine or other periodi-*

*cal publication, or for refusing to disclose any unpublished information obtained or prepared in gathering, receiving or processing of information for communication to the public.*

*Nor shall a radio or television news reporter or other person connected with or employed by a radio or television station, or any person who has been so connected or employed, be so adjudged in contempt for refusing to disclose the source of any information procured while so connected or employed for news or news commentary purposes on radio or television, or for refusing to disclose any unpublished information obtained or prepared in gathering, receiving or processing of information for communication to the public.*

As used in this subdivision, "unpublished information" includes information not disseminated to the public by the person from whom disclosure is sought, whether or not related information has been disseminated and includes, but is not limited to, all notes, outtakes, photographs, tapes or other data of whatever sort not itself disseminated to the public through a medium of communication, whether or not published information based upon or related to such material has been disseminated.

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Official Title and Summary Prepared by the Attorney General

**REAPPORTIONMENT. LEGISLATIVE CONSTITUTIONAL AMENDMENT.** Repeals, amends, and restates various provisions of the Constitution relating to reapportionment of Senate, Assembly, congressional, and Board of Equalization districts. Eliminates provisions previously judicially invalidated. Eliminates requirement that only persons eligible to become citizens be counted in equalizing populations in legislative districts. Sets forth in a new article the standards to which the Legislature is required to conform in adjusting the boundaries of these districts each decade. These standards include requirements for single-member districts, reasonably equal population districts, contiguousness of a district, a consecutive numbering system, and respecting the geographical integrity of cities and counties. Fiscal impact on state or local governments: No direct fiscal effect.

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**FINAL VOTE CAST BY LEGISLATURE ON ACA 53 (PROPOSITION 6)**

Assembly—Ayes, 60  
Noes, 9

Senate—Ayes, 27  
Noes, 6

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**Analysis by Legislative Analyst**

**Background:**

State Senate, Assembly, congressional and Board of Equalization districts are reapportioned every ten years, after each census. The California Constitution contains provisions regulating the process by which this reapportionment is made. Some of these provisions have been declared invalid by the California Supreme Court as violating the one-person, one-vote rule. Specifically, the court ruled against provisions which:

1. Prohibit the division or unification of counties when forming Assembly and Senate districts if such legislative action violates the one-person, one-vote rule.
2. Prohibit a county from containing more than one Senate district and prohibit Senate districts from containing more than three counties.
3. Require near equal population in Assembly districts but not in Senate districts.
4. Direct a special commission to reapportion legislative districts in the event the Legislature fails to do so in a timely manner.

**Proposal:**

This measure repeals the provisions in the Constitution governing congressional and legislative reapportionment, including those provisions found invalid by the State Supreme Court. It also eliminates an existing constitutional provision which prohibits, for legislative reapportionment purposes, the counting of persons who are not eligible for United States citizenship. The proposition establishes the following standards for redistricting State Senate, Assembly, congressional and Board of Equalization districts:

1. Each district shall have only one representative.
2. The population of all districts of a particular type shall be reasonably equal.
3. All districts shall be adjoining.
4. Districts shall be numbered consecutively beginning in the northern part of the state.
5. Where possible, the geographical region of a city or county shall not be divided among different districts.

**Fiscal Effect:**

This measure has no direct state or local fiscal effect.

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## Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 53 (Statutes of 1978, Resolution Chapter 78) expressly amends the Constitution by repealing and adding sections thereto and amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

### PROPOSED AMENDMENTS TO ARTICLES IV AND XIII AND PROPOSED ADDITION OF ARTICLE XXI

First—That Section 6 of Article IV is repealed.

SEC. 6: For the purpose of choosing members of the Legislature, the State shall be divided into 40 Senatorial and 80 Assembly districts to be called Senatorial and Assembly districts. Such districts shall be composed of contiguous territory; and Assembly districts shall be as nearly equal in population as may be. Each Senatorial district shall choose one Senator and each Assembly district shall choose one member of Assembly. The Senatorial districts shall be numbered from one to 40, inclusive, in numerical order, and the Assembly districts shall be numbered from one to 80 in the same order, commencing at the northern boundary of the State and ending at the southern boundary thereof. In the formation of Assembly districts no county, or city and county, shall be divided, unless it contains sufficient population within itself to form two or more districts; and in the formation of Senatorial districts no county, or city and county, shall be divided; nor shall a part of any county, or of any city and county, be united with any other county, or city and county, in forming any Assembly or Senatorial district. The census taken under the direction of the Congress of the United States in the year 1920, and every 10 years thereafter, shall be the basis of fixing and adjusting the legislative districts; and the Legislature shall, at its first regular session following the adoption of this section and thereafter at the first regular session following each decennial Federal census, adjust such districts, and reapportion the representation so as to preserve the Assembly districts as nearly equal in population as may be; but in the formation of Senatorial districts no county or city and county shall contain more than one Senatorial district, and the counties of small population shall be grouped in districts of not to exceed three counties in any one Senatorial district; provided, however, that should the Legislature at the first regular session following the adoption of this section or at the first regular session following any decennial Federal census fail to reapportion the Assembly and Senatorial districts, a Reapportionment Commission, which is hereby created, consisting of the Lieutenant Governor, who shall be chairman, and the Attorney General, State Controller, Secretary of State and State Superintendent of Public Instruction, shall forthwith apportion such districts in accordance with the provisions of this section and such apportionment of said districts shall be immediately effective the same as if the act of said Reapportionment Commission were an act of the Legislature, subject, however, to the same provisions of referendum as apply to the acts of the Legislature.

Each subsequent reapportionment shall carry out these provisions and shall be based upon the last preceding Federal census. But in making such adjustments no persons who are not eligible to become citizens of the United States, under the naturalization laws, shall be counted as forming a part of the population of any district. Until such districting as herein provided for shall be made, Senators and Assemblymen shall be

elected by the districts according to the apportionment now provided for by law.

Second—That Section 6 is added to Article IV, to read:

SEC. 6. For the purpose of choosing members of the Legislature, the State shall be divided into 40 Senatorial and 80 Assembly districts to be called Senatorial and Assembly Districts. Each Senatorial district shall choose one Senator and each Assembly district shall choose one member of the Assembly.

Third—That Section 27 of Article IV is repealed.

SEC. 27. When a congressional district shall be composed of two or more counties, it shall not be separated by any county belonging to another district. No county, or city and county, shall be divided in forming a congressional district so as to attach one portion of a county, or city and county, to another county, or city and county, except in cases where one county, or city and county, has more population than the ratio required for one or more representatives in Congress; but the Legislature may divide any county, or city and county, into as many congressional districts as it may be entitled to by law. Any county, or city and county, containing a population greater than the number required for one congressional district shall be formed into one or more congressional districts, according to the population thereof, and any residue, after forming such district or districts, shall be attached by compact adjoining assembly districts, to a contiguous county or counties, and form a congressional district. In dividing a county, or city and county, into congressional districts no assembly district shall be divided so as to form a part of more than one congressional district, and every such congressional district shall be composed of compact contiguous assembly districts.

Fourth—That Section 17 of Article XIII is amended to read:

SEC. 17. The Board of Equalization consists of 5 voting members: the Controller and 4 members elected for 4-year terms at gubernatorial elections. The Legislature shall redistrict the State after each decennial census into 4 districts as nearly equal in population as practical and provide for the election of a member from each district. The state shall be divided into four Board of Equalization districts with the voters of each district electing one member.

Fifth—That Article XXI is added, to read:

#### ARTICLE XXI

#### REAPPORTIONMENT OF SENATE, ASSEMBLY, CONGRESSIONAL, AND BOARD OF EQUALIZATION DISTRICTS

SECTION 1. In the year following the year in which the national census is taken under the direction of Congress at the beginning of each decade, the Legislature shall adjust the boundary lines of the Senatorial, Assembly, Congressional, and Board of Equalization districts in conformance with the following standards:

(a) Each member of the Senate, Assembly, Congress, and the Board of Equalization shall be elected from a single-member district.

(b) The population of all districts of a particular type shall be reasonably equal.

(c) Every district shall be contiguous.

(d) Districts of each type shall be numbered consecutively commencing at the northern boundary of the state and ending at the southern boundary.

(e) The geographical integrity of any city, county, or city and county, or of any geographical region shall be respected to the extent possible without violating the requirements of any other subdivision of this section.

## Arguments in Favor of Proposition 6

The reapportionment language in California's Constitution has never been changed to conform to the 1965 ruling of the U.S. Supreme Court ordering equal representation for equal numbers of people. The California Supreme Court has also declared many of our Constitution's provisions on reapportionment invalid. When California went through reapportionment following the 1970 census the process was clouded by these outdated provisions.

Now, to prepare for an orderly redistricting after the 1980 census, it is essential to update our Constitution.

Proposition 6 is a fair, carefully considered proposal.

- It removes all invalidated reapportionment provisions from the Constitution.

- It inserts simple, clear instructions to the Legislature on how to redraw Assembly, Senate, congressional, and Board of Equalization districts.

- It requires all districts to be reasonably equal in population.

- It requires preservation of the integrity of cities, counties, and geographic regions.

- It removes the reference to "persons who are not eligible for citizenship"—a reference which is an unfortunate holdover from a time in history when California blatantly discriminated against the Chinese in this state.

This measure passed both houses of the Legislature in 1978 with strong support from both parties.

Vote YES to give California a Constitution with a workable reapportionment article.

**SUSAN F. RICE**

*President, League of Women Voters of California*

**THOMAS B. HOFELLER**

*Associate Director*

*Rose Institute of State and Local Government  
Claremont Men's College*

**ROBERT W. NAYLOR**

*Member of the Assembly, 20th District*

Proposition 6 would establish reasonable rules for redrawing boundaries for legislative and congressional districts after each census.

From past experience, we know what could happen with next year's reapportionment. Without the restrictions in Proposition 6, California could end up with districts that are confusing, unfair and unrepresentative. Proposition 6 will block forces in the Legislature from gaining unfair dominance by one political party or insuring reelection for particular incumbents.

Proposition 6 would reduce abuses by requiring the Legislature to follow these rules:

- *Respect city and county boundaries.* This rule would prevent the irrational division of cities for purely partisan purposes. It would help protect minority communities from being carved up just to dilute their votes. And it would help maintain local control by giving cities and counties effective representation in the Legislature.

- *Single-member districts.* Many states elect several legislators at once from large consolidated districts. Because multimember districts are so large, they reduce the influence of individual voters and increase the costs of elections. Proposition 6 would prohibit multimember districts in California.

- *Equal population.* California's Constitution should clearly state that wide variations in population can never again distort our representative process.

- *Contiguous districts.* Proposition 6 would require that districts be composed of adjacent territory and not widely separated areas. It would also help deter odd-shaped districts which join distant communities only by corridors along beaches, highways and waterways.

Do not be misled by smokescreen arguments on the issue of counting aliens for reapportionment. Proposition 6 will have absolutely no effect on whether aliens, illegal or otherwise, are counted for this purpose.

Proposition 6 offers Californians an unprecedented opportunity to eradicate the kinds of political reapportionment "deals" that divide communities and discourage healthy competition in our elections.

Please vote YES on Proposition 6.

**ROBERT W. NAYLOR**

*Member of the Assembly, 20th District*

**THOMAS B. HOFELLER**

*Associate Director*

*Rose Institute of State and Local Government  
Claremont Men's College*

## Rebuttal to Arguments in Favor of Proposition 6

Proposition 6 represents good intentions gone wrong.

Combining requirements for "reasonably equal" population with requirements for the preservation of the integrity of cities, counties, and "geographic regions" establishes a quagmire of legal problems.

Why is not "reasonably equal" in population defined?

Why is not "geographic regions" defined?

What standard is the court to presume in determining that districts are reasonably equal in population? What is a geographic region? How are its boundaries determined?

Without clear delineation of the meaning of these terms, all reapportionment efforts can't help but engender endless lawsuits and years of litigation.

Demand clear unambiguous reapportionment language. *Defeat Proposition 6.*

Those in favor of Proposition 6 would have you believe it would not permit the counting of persons ineligible for citizenship for purposes of reapportioning legislative districts. This is *incorrect*. If Proposition 6 passes, the Legislature will be required to count persons who are

ineligible for citizenship when redrawing district lines for State Senate and Assembly districts!

Proposition 6 *removes* the 100-year-old language in our Constitution which prohibits the counting of "persons who are not eligible for citizenship" for reapportionment. The Legislature passed Proposition 6 by *mistake*, because this deletion was never discussed. The Legislature was *unaware* that this important part of the Constitution was being deleted when it voted on Proposition 6. The mistake was not discovered until Proposition 6 reached the Secretary of State's office and could not be retracted.

Protect your interests as a citizen. Vote "**NO**" on Proposition 6!

**BOB WILSON**

*State Senator, 39th District*

*Chairman, Senate Committee on Judiciary*

**LEROY F. GREENE**

*Member of the Assembly, 6th District*

## Arguments Against Proposition 6

*There is a BIG MISTAKE in Proposition 6.*

Our Constitution says that when we count people who live in a legislative district for reapportionment we will not count people who cannot become citizens of the United States. This language would be repealed by Proposition 6. It would permit the counting of illegal aliens. It would do this because the people who wrote Proposition 6 made a mistake.

Constitutional amendments should be free from mistakes. A "Yes" vote will write this mistake into the Constitution. A "No" vote will send Proposition 6 back to the Legislature, where it can be corrected.

Let's do the job right!

Vote "NO" on Proposition 6.

**BOB WILSON**

*State Senator, 39th District*

*Chairman, Senate Committee on Judiciary*

Proposition 6 should be defeated. Subparagraph (e) is a contradiction. It waters down subparagraph (b), which requires that "the population of all districts of a particular type shall be reasonably equal."

Is "reasonably equal" to be interpreted the same as if (e) does not exist? Or will protecting the integrity of cities or counties elasticize the meaning of "reasonably equal"?

What is to be done if the population of a city or county would entitle it to three Assemblymen and 1½ Senators? Is the integrity of the city or county respected in the Assembly but not in the Senate? When the court reapportioned the Legislature it divided the state into 80 Assembly districts. The court then paired Assembly districts to make up the 40 Senate districts. How can this be accomplished in a city with three Assemblymen and 1½ Senators if the integrity of cities and counties is to be protected?

VOTE NO ON PROPOSITION 6.

**LEROY F. GREENE**

*Member of the Assembly, 6th District*

## Rebuttal to Arguments Against Proposition 6

Both arguments against Proposition 6 ignore its guarantees for fair redistricting and raise erroneous technical objections.

1. The language which Proposition 6 removes from the Constitution about the counting of "persons not eligible to become citizens" has no practical effect on who gets counted for reapportionment:

- It does not apply to "illegal aliens" because they are still eligible to become citizens under current federal naturalization laws. In other words, illegal aliens will be counted whether Proposition 6 passes or not.

- California cannot stop the counting of "illegal aliens," because this is being done by the U.S. Census Bureau.

The only reason Proposition 6 removes this language is that it is a relic from the last century when California tried to disenfranchise Chinese persons living in the state.

2. Proposition 6 clearly states that the requirement for equal population (subsection (b)) cannot be watered down by the requirement

that city and county boundaries be respected (subsection (e)). City and county boundaries can be ignored *only if necessary* to comply with the equal population requirement. That is how Proposition 6 will prevent cities and minority communities from being arbitrarily divided to gain partisan advantage or to draw "safe" districts for incumbents.

Don't be fooled by these smokescreen arguments against Proposition 6. Vote for a fair and reasonable reapportionment in 1980. Vote yes on Proposition 6.

**ROBERT W. NAYLOR**

*Member of the Assembly, 20th District*

**THOMAS B. HOFELLER**

*Associate Director*

*Rose Institute of State and Local Government  
Claremont Men's College*



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Official Title and Summary Prepared by the Attorney General

**DISASTER ASSISTANCE. LEGISLATIVE CONSTITUTIONAL AMENDMENT.** Specifically provides that nothing in the Constitution shall prohibit the state, or any of its subdivisions or local governments, from providing aid to persons for the purpose of clearing debris, natural materials, and wreckage from private lands and waters deposited thereon during a major disaster or emergency declared by the President. Such aid must be found to be in the public interest and its cost eligible for federal reimbursement. Recipient must indemnify public entity from any claim against it arising from rendering such aid. Fiscal impact on state or local governments: No direct state or local costs.

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**FINAL VOTE CAST BY LEGISLATURE ON SCA 21 (PROPOSITION 7)**

Assembly—Ayes, 69  
Noes, 0

Senate—Ayes, 39  
Noes, 0

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**Analysis by Legislative Analyst**

**Background:**

California's Constitution forbids state and local governments from making gifts of public money to private individuals or corporations. However, public funds may be used to provide assistance to persons on private property *during* a major disaster or emergency if the assistance is necessary to protect public health and safety or avoid further damage. A constitutional issue has been raised as to whether public funds may be used to remove debris and wreckage on private property immediately *after* a disaster or emergency. If such removal of debris and wreckage is deemed to be a gift of public funds, it is prohibited by the California Constitution.

Under existing federal law, the President may direct federal agencies to clear debris and wreckage caused by a major disaster from publicly and privately owned property or grant funds to any state or local government for such purpose. However, no work may be done unless the state or local government arranges an unconditional authorization for the work and agrees to reimburse the federal government for any claim against the federal government arising from the debris removal.

**Proposal**

This proposal would specifically provide that it shall

not be a gift of public funds for state and local governments to remove debris, natural materials or wreckage deposited on private property by a major disaster or emergency under the following two conditions: (1) the President of the United States has declared a major disaster or emergency for the area in which the property is located, and (2) the cost of any aid provided by the state or local governments to remove the materials from private property must be eligible for federal reimbursement.

This proposal also specifies that the state or local governments providing the aid must obtain an agreement from the private property owners receiving assistance to reimburse the state or local governments for any claim against the state or local governments resulting from the debris removal.

**Fiscal Effect:**

This measure has no direct state or local costs. Federal funds are normally available for debris removal when such removal is necessary to (1) eliminate threats to life and property, (2) eliminate hazards which threaten substantial destruction of undamaged public or private property, or (3) facilitate the economic recovery of the community.

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### Argument in Favor of Proposition 7

Floods and other natural disasters in both northern and southern California can destroy lifetime possessions of their innocent victims. Many of our residents have already lost homes, cars and other possessions due to these natural occurrences. However, there are instances where our citizens could have a reduced loss if they could receive more immediate emergency assistance in removing mud, boulders, or water from their homes and property after the occurrence of the disaster.

Local government agencies are generally on the scene in such circumstances with personnel and equipment for cleaning up streets and property, and these could be made available to assist in debris removal on private property. Yet, even with that need clearly demonstrated, the State Constitution prohibits any public cleanup on private property unless such assistance is needed to protect public health and safety or avoid further disaster damage. The general result of this

avoid further disaster damage. The general result of this legal interpretation of the State Constitution is that no public cleanup and debris removal on private property is given.

Proposition 7 would amend Article XVI, Section 6, of the State Constitution to provide that cleanup on private property may be provided by a local public agency following a natural disaster. The state taxpayer will be protected in that this type of cleanup assistance would be provided only if eligible for federal reimbursement normally available following a natural disaster.

VOTE YES ON PROPOSITION 7.

LOU CUSANOVICH

State Senator, 19th District

KENNETH HAHN

Supervisor, Los Angeles County

BAXTER WARD

Supervisor, Los Angeles County

Argument printed on this page is the opinion of the authors and has not been checked for accuracy by any official agency  
No argument against Proposition 7 was submitted

### Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 21 (Statutes of 1979, Resolution Chapter 93) expressly amends the Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

#### PROPOSED AMENDMENT TO ARTICLE XVI

SEC. 6. The Legislature shall have no power to give or to lend, or to authorize the giving or lending, of the credit of the State, or of any county, city and county, city, township or other political corporation or subdivision of the State now existing, or that may be hereafter established, in aid of or to any person, association, or corporation, whether municipal or otherwise, or to pledge the credit thereof, in any manner whatever, for the payment of the liabilities of any individual, association, municipal or other corporation whatever; nor shall it have power to make any gift or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation whatever; provided, that nothing in this section shall prevent the Legislature granting aid pursuant to Section 3 of Article XVI; and it shall not have power to authorize the State, or any political subdivision thereof, to subscribe for stock, or to become a stockholder in any corporation whatever; provided, further, that irrigation districts for the purpose of acquiring the control of any entire international water system necessary for its use and purposes, a part of which is situated in the United States, and a part thereof in a foreign country, may in the manner authorized by law, acquire the stock of any foreign corporation which is the owner of, or which holds the title to the part of such system situated in a foreign country; provided, further, that irrigation districts for the purpose of acquiring water and water rights and other property necessary for their uses and purposes, may acquire and hold the stock of corporations, domestic or foreign, owning waters, water rights, canals, waterworks, franchises or concessions subject to the same obligations and liabilities as are imposed by law upon all other stockholders in such corporation; and

Provided, further, that this section shall not prohibit any county, city and county, city, township, or other political corporation or subdivision of the ~~state~~ State from joining with other such agencies in providing for the payment of workers' compensation, unemployment compensation, tort liability, or public liability losses incurred by such

agencies, by entry into an insurance pooling arrangement under a joint exercise of powers agreement, or by membership in such publicly-owned nonprofit corporation or other public agency as may be authorized by the Legislature; and

Provided, further, that nothing contained in this Constitution shall prohibit the use of State money or credit, in aiding veterans who served in the military or naval service of the United States during the time of war, in the acquisition of, or payments for, (1) farms or homes, or in projects of land settlement or in the development of such farms or homes or land settlement projects for the benefit of such veterans, or (2) any business, land or any interest therein, buildings, supplies, equipment, machinery, or tools, to be used by the veteran in pursuing a gainful occupation; and

*Provided, further, that nothing contained in this Constitution shall prohibit the State, or any county, city and county, city, township, or other political corporation or subdivision of the State from providing aid or assistance to persons, if found to be in the public interest, for the purpose of clearing debris, natural materials, and wreckage from privately owned lands and waters deposited thereon or therein during a period of a major disaster or emergency, in either case declared by the President. In such case, the public entity shall be indemnified by the recipient from the award of any claim against the public entity arising from the rendering of such aid or assistance. Such aid or assistance must be eligible for federal reimbursement for the cost thereof.*

And provided, still further, that notwithstanding the restrictions contained in this Constitution, the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office. Such temporary transfer of funds to any political subdivision shall be made only upon resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and county to make such temporary transfer. Such temporary transfer of funds to any political subdivision shall not exceed 85 percent of the taxes accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the taxes accruing to such political subdivision before any other obligation of such political subdivision is met from such taxes.

## Official Title and Summary Prepared by the Attorney General

**ALTERNATIVE ENERGY SOURCES FACILITIES FINANCING. LEGISLATIVE CONSTITUTIONAL AMENDMENT.** Authorizes Legislature to provide for the issuance of revenue bonds to finance the acquisition, construction, and installation of alternative energy source facilities and for the lease or sale of such facilities to persons, associations, or corporations, other than municipal corporations. Provides that such revenue bonds shall not be secured by the taxing power of the state. Provides that the Legislature may, by resolution adopted by either house, prohibit or limit any proposed issuance of such bonds. Provides measure does not authorize any public agency to operate industrial or commercial enterprises. Fiscal impact on state or local governments: No direct fiscal effect. If revenue bonds are authorized in future by Legislature, indirect fiscal effects could possibly be increase in state and local bond interest costs, loss of state income tax revenues to the extent the bonds displace private financing, and increases in revenue from increased economic activity.

## FINAL VOTE CAST BY LEGISLATURE ON ACA 46 (PROPOSITION 8)

Assembly—Ayes, 62  
Noes, 1

Senate—Ayes, 27  
Noes, 7

## Analysis by Legislative Analyst

**Background:**

The Legislature has the authority to provide for the issuance of revenue bonds. However, the Legislature must have specific constitutional authorization to prohibit or limit the issuance of such bonds by resolution rather than by statute.

**Proposal:**

This constitutional amendment would specifically (1) state the authority of the Legislature to provide for the sale of revenue bonds to finance the acquisition, construction, and installation of facilities utilizing alternative energy sources, such as solar power, cogeneration (using waste heat from industrial processes to generate electricity), or biomass conversion (converting agricultural and forest materials to fuels), and (2) authorize the Legislature to prohibit or limit any proposed issuance of such revenue bonds by a resolution adopted by both houses. The amendment would prohibit the state from operating the facilities financed by the revenue bonds. This measure does not specify the amount of the revenue bonds that could be issued; that decision is left to future actions of the Legislature.

**Fiscal Effect:**

This measure has no direct state or local fiscal effect because the scope and nature of any revenue bonds issued under it would depend on future actions of the Legislature. Payment of principal and interest on the bonds would not be guaranteed by the state or backed by the taxing power of the state. The revenue bonds issued under this measure would be supported by revenue received from the sale or lease of the facilities acquired or constructed with the bonds.

If the Legislature authorizes the issuance of revenue bonds, the following indirect fiscal effects could occur: (1) state and local bond interest costs could possibly be increased if the sale of a large number of these new revenue bonds results in a higher overall interest rate for state and local bonds; (2) state income tax revenues could be reduced by an unknown amount if the bonds displace private financing for energy facilities. These revenue losses may be offset, to an unknown degree, by the revenue gains from economic activity resulting from the new alternative energy projects.

## Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 46 (Statutes of 1980, Resolution Chapter 1) expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED AMENDMENT TO ARTICLE XVI

*SEC. 14.5. The Legislature may provide for the issuance of revenue bonds to finance the acquisition, construction, and installation of facilities utilizing co-generation technology, solar power, biomass, or any other alternative source the Legislature may deem appropriate, including the acquisition of all technological*

*facilities necessary or convenient for the use of alternative sources, and for the lease or sale of such facilities to persons, associations, or corporations, other than municipal corporations; provided, that such revenue bonds shall not be secured by the taxing power of the state; and provided, further, that the Legislature may, by resolution adopted by both houses, prohibit or limit any proposed issuance of such revenue bonds. No provision of this Constitution, including, but not limited to, Sections 1, 2, and 6, of this article, shall be construed as a limitation upon the authority granted to the Legislature pursuant to this section. Nothing contained herein shall authorize any public agency to operate any industrial or commercial enterprise.*

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**Polls are open from 7 a.m. to 8 p.m.**

## Arguments in Favor of Proposition 8

We need to break the hold of the Arab sheiks on the economy of our country.

A *yes* vote on Proposition 8 will help California kick the oil habit by making possible early development of alternative energy sources.

With passage of this amendment, the State of California can put its prestige and credibility behind the sale of revenue bonds, which in turn will be used to finance construction of new alternative energy generating facilities.

**NO TAX OBLIGATION IS INCURRED WITH PASSAGE OF THIS MEASURE.** The bonds will be retired through sale of the energy produced.

Cogeneration of electric power alone has the yearly potential to supply California with the energy equivalent of one nuclear power plant within the first year.

Other possible energy sources which could be tapped by passage of Proposition 8 include solar, biomass, wind, and small hydroelectric installations that are practical and commercially viable.

The potential is there. By the year 2000 we can bring in over 22,000 new megawatts of power through alternate sources, the equivalent of 24 Rancho Seco-sized

nuclear plants.

Proposition 8 will give enterprising Californians the financial help needed to get our society off dependency on foreign oil.

Help kick the oil habit—vote yes on Proposition 8.

**J. ROBERT HAYES**

*Member of the Assembly, 39th District*

The single most important issue facing California going into the 1980's is the development of alternative energy sources. California is fortunate in being rich in such sources as geothermal and solar energy as well as affluent agricultural, forest, and industrial wastes necessary to produce large quantities of alcohol fuels. But the development of such sources will necessitate the growth and development of large new industries. Proposition 8 will permit California to participate in this bold and necessary venture to create energy, energy independence, industry and jobs for the coming decade. I urge all Californians to support this amendment.

**LAWRENCE KAPILOFF**

*Member of the Assembly, 78th District*

## Rebuttal to Arguments in Favor of Proposition 8

We need to break the hold of government bureaucracy on the economy of our country.

A *"NO"* vote on Proposition 8 will help California kick the inflation habit by restraining the flow of "cheap money" into the financial marketplace.

A *"NO"* vote on Proposition 8 will help California protect its bond credit rating against high-risk private venturism.

A *"NO"* vote on Proposition 8 will help California avoid the burdens of another new bureaucracy and another paper-shuffling exercise in Sacramento.

A *"NO"* vote on Proposition 8 will help California avoid the kind of "no-win" fiscal entrapment we ex-

perienced when the Cal-Expo project went into default—leaving the Legislature no choice but to pay off the deadbeat revenue bonds or see our bond ratings deteriorate. That revenue bond issue created no legal tax obligation, either, but the taxpayers ultimately had to pick up the tab anyway!

Proposition 8 guarantees only to fuel the flames of inflation. It is neither bold nor necessary to the achievement of energy independence.

Vote *"NO"* on Proposition 8!

**OLLIE SPERAW**

*State Senator, 31st District*

## Argument Against Proposition 8

### VOTE "NO" ON PROPOSITION 8!

Everyone is in favor of developing more alternative energy sources and energy conservation methods, but Proposition 8 isn't the best way to do either!

This misleading proposal is potentially useless, unnecessary, highly speculative and clearly inflationary!

Its primary purpose is to make tax-exempt, low-interest loans totaling \$200,000,000 *or more* available to private business ventures. Yet it guarantees nothing more than another unit of paperwork bureaucracy in Sacramento!

It cannot guarantee federal tax exemption for energy-related bonds because the Internal Revenue Service has not made—and may never make—such a ruling!

It cannot guarantee low-interest loans because it does not—and cannot—compel investors to participate in so-called "public interest" projects. And it will not attract voluntary investors in speculative projects which do not offer tax-exempt earnings.

Proposition 8 cannot—and should not—allow the use of state tax moneys to guarantee loan repayments. But public funds can and will be used to provide bureaucratic support for this new program.

Proposition 8 is unnecessary to the development of alternative energy sources. Private enterprise and private investment capital already are being focused on the development of *economically feasible* energy production programs. Those with proven payoff potential will be developed without government intervention—or *despite* government intervention! Those with reasonable promise will continue to attract the attention of competent private industry.

*Proposition 8 cannot guarantee us one single kilowatt*

*of "new energy" nor one single ounce of fossil fuel conservation.*

It is a highly speculative concept of funding for private business projects to produce unspecified results that may never be capable of measurement. Proposition 8 is a clearly inflationary approach, since it is based on a "loose money" policy that would serve only to heat up the free market economy.

The public interest might justify a small dose of inflationary medicine to achieve some specific "cure," but Proposition 8 guarantees little or nothing in the way of remedy for our energy problems!

Proposition 8 is a Band-Aid approach to an enormous problem requiring major reform of existing state and federal government policy. What is needed is a comprehensive reform of rules, regulations and tax laws that are strangling free enterprise energy initiatives. An illusory \$200,000,000 political "grab bag" such as that proposed in connection with Proposition 8 will only obscure that essential need.

Proposition 8 was hastily passed by the State Legislature in order to circumvent a historic protection written into our State Constitution—a prohibition against the "gift of public funds" to private business interests—and to authorize the use of revenue bonds to help fund privately controlled projects. No evidence was presented to document either alleged need. This measure sat in the State Assembly without public hearing for nine months, then was jammed through the entire legislative process in just nine days! Why?

### VOTE "NO" ON PROPOSITION 8!

**OLLIE SPERAW**  
*State Senator, 31st District*

## Rebuttal to Argument Against Proposition 8

Proposition 8, the Alternative Energy Amendment, is on the ballot because the Legislature felt it was the best of a number of options explored over a period of nine months.

No other proposal seemed to offer so much potential for rapid development. It passed the Assembly 62-1 and the Senate 27-7, with overwhelming bipartisan support.

**PROPOSITION 8 DOESN'T SPEND ANY OF YOUR TAX MONEY. IT DOESN'T OBLIGATE THE STATE. IT DOESN'T "GIVE" ONE DIME TO PRIVATE ENTERPRISE,** let alone the millions of dollars implied by the argument against.

What Proposition 8 does is harness our need to be independent of foreign oil to the profit motive and the demands of the market. Not a cent will be spent on studies. We've done enough studies. We need new energy now.

Implementation of the Alternative Energy Amendment is up to the Legislature. Proposition 8 provides the constitutional framework.

Those who look for guarantees in life find only excuses for their own timidity. Opponents of this measure are stuck like a broken record on the problems of the past.

The problems of the 80's require new vision. Proposition 8 won't mean "loose money." It will mean sound investment by private enterprise in the energy independence of California. Nothing could be more anti-inflationary.

Revenue bonds historically have qualified for an attractive IRA tax status. The alternatives listed in the amendment are proven and feasible. Proposition 8 provides the financial incentive for their development, **WITHOUT SPENDING A SINGLE TAX DOLLAR.**

Vote YES on Proposition 8.

**J. ROBERT HAYES**  
*Member of the Assembly, 39th District*

**LAWRENCE KAPILOFF**  
*Member of the Assembly, 78th District*

## Official Title and Summary Prepared by the Attorney General

**TAXATION. INCOME. INITIATIVE CONSTITUTIONAL AMENDMENT.** Adds Section 26.5 to Article XIII of the Constitution to provide that taxes on or measured by income which are imposed under the Personal Income Tax Law or successor law shall not exceed 50 percent of those rates in effect for the 1978 taxable year. Requires the Legislature to provide a system for adjusting personal income tax brackets to reflect annual changes in the California Consumer Price Index or successor index. Adds subdivision (s) to Section 3 of Article XIII to provide that business inventories are exempt from property taxation. Fiscal impact on state or local governments: Reduction of state income tax revenues by estimated \$4.9 billion in fiscal year 1980-81, \$4.2 billion in 1981-82, and by unknown but increasing amounts thereafter. By operation of existing statutes, estimated reduction of \$3 billion in state aid to local school districts and state payments to cities, counties or special districts commencing in 1980-81. Indeterminable but substantial reduction in other state expenditures in 1980-81 and thereafter.

## Analysis by Legislative Analyst

**Background:**

**Personal Income Tax.** California's second largest source of state revenue is the personal income tax. (The largest source is the sales tax.) Proceeds from the income tax are deposited in the state's General Fund. This fund supports state departments and institutions such as the university and state colleges and helps local governments finance a wide variety of programs in areas such as education, health and welfare, and property tax relief.

Under California's income tax law, the tax rates range from 1 percent to 11 percent. As a result of recent legislation, the tax brackets are adjusted ("indexed") each year to compensate for the effect of inflation on income. Specifically, in both calendar years 1980 and 1981, the income levels at which the various tax rates apply will be raised by the percentage increase in the California Consumer Price Index. Thus, a taxpayer whose income increases at the same rate as the California Consumer Price Index would generally pay a constant proportion of his income in taxes. After 1981, the income levels at which higher tax rates apply will be raised by the percentage increase in the index which exceeds 3 percent per year.

California's income tax law provides for a number of tax credits, including the personal, dependent, renters, and solar energy credits. The personal and dependent credits are fully "indexed" under current law.

The income tax is collected throughout the year. Employers are required to withhold for payment to the state a portion of wage and salary income earned by their employees, and certain individuals are required to make quarterly payments to the state based on their estimated taxes. Final income tax payments are due in April following each tax year. The state counts revenue collections when they are *received*, rather than at the time the taxes are finally *due*.

The Governor's Budget for fiscal year 1980-81 (July 1, 1980-June 30, 1981) estimates revenues from the income tax under existing law to be \$6.8 billion.

**Business Inventories.** Under existing law, cities, counties, special districts and school districts derive

revenue from property taxes on both real property (land and buildings) and personal property. Legislation enacted in 1979 fully exempted business inventories from local property taxes. In order to replace the revenues that local governments can no longer collect through property taxes on inventories, the legislation requires the state to make reimbursement payments to local governments. In 1980-81, these reimbursements are estimated to total \$459 million.

**Proposal:**

This proposed constitutional amendment would (1) limit personal income tax *rates* to 50 percent of those in effect during 1978, (2) require that the income tax brackets be fully "indexed" for inflation, and (3) prohibit property taxation of business inventories.

**Reduction of the Income Tax Rates.** The measure would amend the State Constitution to require that the rate of "taxes on or measured by income" not exceed 50 percent of the rates in effect for 1978. Under this limitation, the new basic rate structure could not exceed a range of ½ percent to 5½ percent. The tax *brackets* (that is, the income levels at which the rates apply) would not be affected by the measure initially. Thus, where income is now taxed at a maximum of 11 percent, it would be taxed at no more than 5.5 percent under the measure. The proposed amendment would not change income tax deductions, exemptions or credits, nor would it prohibit the Legislature from changing them. Because the proposal would not reduce the various tax credits by 50 percent, most taxpayers would have their final (after credit) tax liability reduced by *more* than 50 percent.

**"Indexing" of Tax Brackets.** The measure would amend the Constitution to require the Legislature to provide a system for fully "indexing" the income tax brackets. Because current law provides for full "indexing" during 1980 and 1981, the effect of this proposal would be to ensure that full "indexing" is continued in 1982 and thereafter.

**Business Inventory Exemption.** The proposal would place an exemption for business inventories in the State

Constitution. The Legislative Counsel advises that the constitutional exemption would, as of March 1, 1981, completely replace the existing statutory exemption, and the state would not be required to continue reimbursing local governments for the resulting revenue losses. However, this measure would not discontinue these reimbursements. Therefore, adoption of this measure would have no direct effect on these payments.

#### Fiscal Impact:

**Impact on State Revenues.** The adoption of this initiative would reduce state personal income tax revenues by \$4.9 billion in fiscal year 1980-81 (July 1, 1980-June 30, 1981), by \$4.2 billion in fiscal year 1981-82 (July 1, 1981-June 30, 1982), and by unknown but increasing amounts thereafter.

The estimated revenue reduction in 1980-81 is larger than the reduction estimated for the following year because it reflects the impact of lower tax rates for an 18-month period (January 1, 1980-June 30, 1981). Under existing law, final tax liabilities for any income year are determined by the tax law in effect when the taxes are due. Because this measure, if approved by the voters, would become effective in June 1980, it would apply to income earned during all of calendar year 1980 if existing statutes remain unchanged—even the five-month period preceding the June 3 election. As a result, tax collections during the 1980-81 fiscal year would be reduced by the amount of reduced tax liability for all of calendar year 1980. In addition, because of reduced income tax withholdings and quarterly income tax payments during the first six months of calendar year 1981, the state would experience a further reduction in state tax collections during the 1980-81 fiscal year. Thus, the \$4.9 billion revenue loss estimated in 1980-81 is due to reduced tax liabilities for twelve months in 1980 and six months of 1981.

**Effect on State and Local Governments.** Any significant reduction in revenues will ultimately require a reduction in expenditures below what expenditures would have been otherwise. A \$4.9 billion reduction in income tax revenues is equivalent to a 25-percent loss in total state General Fund revenues in fiscal year 1980-

81. The General Fund finances 86 percent of all state expenditures, including those for activities conducted directly by the state government as well as those expenditures that support activities at the local government level.

Because the measure would reduce revenues by 25 percent, there would have to be major reductions in total state expenditures from existing levels. Under existing state law, a portion of these reductions would be made according to the formula specified in Assembly Bill 8 (Chapter 282, Statutes of 1979), which enacted a long-term local government fiscal assistance program. We estimate that, as a result of this formula, state aid to local school districts would be reduced by \$2.2 billion, and state payments to cities, counties and special districts would be reduced by up to \$800 million in 1980-81. These formula reductions total \$3.0 billion. Because the revenue loss is estimated to be \$4.9 billion, reductions in other state expenditures would have to be made as well.

Existing law allows the Legislature to prevent the specific formula reductions specified in AB 8 from taking effect. However, if that happened, other reductions of equal magnitude would have to be made in total state expenditures.

Currently, over half of total General Fund expenditures is devoted to elementary, secondary, and higher education, about a third is devoted to health and welfare, and the remaining amount supports property tax relief and general state activities. The major reduction in revenues from this initiative could affect all of these programs. The Governor's Budget estimates that the General Fund surplus will be \$1.8 billion on June 30, 1980. If the expenditures proposed in this budget are approved, including the continuation of those programs enacted in prior years, the state surplus (including federal revenue-sharing funds) would decline to \$0.7 billion by June 30, 1981. These surplus funds could be used on a one-time basis to support expenditures during 1980-81 that otherwise would be supported by revenues from the personal income tax. If surplus funds were used in 1980-81, these funds would not be available in 1981-82, when the measure would reduce income tax revenues by an additional \$4.2 billion.

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### Text of Proposed Law

This initiative measure expressly amends the Constitution by amending a section thereof and adding a section thereto; therefore, new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

#### PROPOSED AMENDMENTS TO ARTICLE XIII

First—Section 26.5 is added to Article XIII thereof, to read:

*26.5 (a) Taxes on or measured by income which are imposed under the Personal Income Tax Law or any successor thereto shall be at rates not to exceed 50 percent of those rates in effect for the 1978 taxable year.*

*(b) The Legislature shall provide for a system of adjusting the personal income tax brackets under the Personal Income Tax Law or any successor thereto to reflect annual changes in the California Consumer Price Index or any successor thereto.*

Second—Subdivision (s) is added to Section 3 of Article XIII thereof, to read:

*(a) Business inventories.*

Third. If any provision of this measure or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the measure which can be given effect without the invalid provision or application, and to this end the provisions of this measure are severable.



## Argument in Favor of Proposition 9

## VOTE YES ON PROPOSITION 9!

Proposition 9 will cut your state income taxes 49 percent or more.

Your tax cut is necessary because state income taxes have been rising even faster than property taxes were before Proposition 13!

If your household income is \$15,000, you will save 70.1 percent. That's \$275.07, or \$22.92 each month.

At \$20,000 income your saving is 56.8 percent; that's \$364.88, or \$30.41 monthly.

At \$30,000 your saving is 53.6 percent; that's \$795.96, or \$63.33 monthly.

At \$40,000 your saving is 53.6 percent; that's \$1,371.09, or \$114.26 monthly.

At \$50,000 your saving is 49.4 percent; that's \$1,807.45, or \$150.62 monthly.

The business inventory tax is permanently eliminated.

Everyone with income will receive this tax cut. Lower income people receive larger percentage decreases because they are primarily renters. Renters received less Prop. 13 benefit than homeowners.

Proposition 9 indexes state personal income taxes permanently, so inflation will never again push you into higher tax brackets.

820,000 Californians signed petitions putting Proposition 9 on the ballot.

But politicians, big government employee unions, welfare workers and recipients, labor union bosses and tax-spending special interests are using *scare tactics* that make their NO on Proposition 13 campaign look like *child's play*!

They are committing millions to convince voters California will virtually *fall into the sea* if we cut state income taxes.

During the Proposition 13 campaign, THEY said sales taxes would be increased to 12 percent, unemployment would be tremendous and all vital services severely cut.

*What really happened?*

The economic boom created by Prop. 13 yielded more revenue supporting essential services the year after 13 than the year before!

The Department of Commerce reports one-half million new, productive jobs in private industry were created while fewer than 19,000 government employees were laid off (out of 1½ million).

As a result, California's economy led the nation. Inflation was lower here than nationally by 10–20 percent. Unemployment was reduced dramatically, especially among minority groups, young people and older persons, who suffer the highest unemployment levels.

Tax cuts are good for the economy. They cut inflation (tax increases, along with deficit government spending, create inflation). Tax reductions make our state more appealing for new plants and offices—hence *new jobs are created*. Welfare and unemployment payments are lowered.

Can California afford a tax cut?

The Governor says no new general taxes or general tax increases will be required.

A better question is: *Can we afford not to cut state income taxes?*

The *real income* of American taxpayers decreased 8.3 percent during the past two years. At that rate your real income, the goods and services you can purchase after inflation and taxes, will *decline to one-half* your current standard of living in the 1980's!

That's why a broad cross-section of citizens, including Democratic Senators Alan Robbins and Paul Carpenter, Republican Senate Leader William Campbell, Assembly Republican Leader Carol Hallett, Former Treasury Secretary William Simon, Ronald Reagan's Chief Adviser on tax matters—Congressman Jack Kemp, women's groups, minority group members, city councilmen, and small business owners, urge you to vote YES on Proposition 9!

**HOWARD JARVIS**

*Chairman, California Tax Reduction Movement*

**DR. ARTHUR LAFFER**

*Professor of Economics, U.S.C.*

**BOB WILSON**

*Democratic State Senator, 39th District*

## Rebuttal to Argument in Favor of Proposition 9

Proposition 9 is not tax reform—it is an irresponsible scheme which will give huge tax breaks to wealthy individuals at our expense.

Not everyone will receive this tax cut. Less than 20 percent of taxpayers will get more than 60 percent of the tax reductions. *Millions of working people, senior citizens and renters will receive nothing.* All of us will have to pay even *more in taxes and fees* to support Proposition 9's windfall tax breaks for the rich.

Proposition 9 will not create jobs or stimulate the economy. It will simply transfer \$1,100,000,000 from state tax returns to federal tax returns (because of reduced deductions) and increase the assets of a select few.

Proposition 9 is poorly designed and already outdated. It fails to take into account recent legislative action to keep state taxpayers from being pushed by inflation into higher brackets and to eliminate the business inventory tax. By Howard Jarvis' own admission, a drafting error in Proposition 9 will inadvertently wipe out \$1,400,000,000 in state revenues.

Since 1978, California has taken two major steps in the area of fiscal reform—passage of Proposition 13 to give massive property tax relief and the Gann Initiative to limit government spending. Now, we need to make those programs work—not rush headlong into a tax gimmick designed to benefit only the rich.

Proposition 9 deserves a NO vote.

**EVERETT V. O'ROURKE**

*Chairman, California Legislative Committee  
American Association of Retired Persons  
National Retired Teachers Association*

**ANTHONY RAMOS**

*Executive Secretary, California State Council of Carpenters*

**FREDA THORLAKSSON**

*President, California State PTA*

## Argument Against Proposition 9

Proposition 13 cut property taxes on our homes and the sky didn't fall.

Why?

Because state government stepped in after Proposition 13 passed and helped local communities make sure the basic services we want like schools, roads, police and fire protection were maintained without major cutbacks. Overall, the state replaced about 70 percent of property tax revenues cut from local budgets.

Proposition 9 is a very different story.

Proposition 9 proposes to cut STATE income tax rates in half. But who's going to replace the thousands of millions of dollars Proposition 9 takes from the state budget? The federal government? The other states won't stand for that.

What if no one steps in? Will these thousands of millions be made up by reducing waste in government? No! One thing we learned from Proposition 13 is that just cutting taxes doesn't make government more efficient. The politicians are just as likely to cut the services we want instead of trimming the fat.

So, what will happen? We all know from experience that we can't get something for nothing. Someone must pay for Proposition 9. A few Californians reading this statement will win. Most of us will lose.

We lose because Proposition 9 takes away state funding we need—especially after Proposition 13—to keep our communities livable and our economy healthy.

Most of all, we lose because Proposition 9 is a tax redistribution scheme that shifts more of the cost of government onto average taxpayers.

Consider these facts:

- Proposition 9 doesn't close a single tax loophole. Every tax shelter and tax avoidance device allowing a few wealthy Californians to escape paying their share remains unchanged.
- Forty percent (40%) of the money Proposition 9 cuts from the state budget this year goes to the richest five percent (5/100ths)

of all taxpayers. This privileged elite will get a two-thousand-million-dollar (\$2,000,000,000) tax break.

- Proposition 9 only changes state income tax laws. It does *not* cut federal income taxes *OR* social security taxes. IT DOES *NOT* LIMIT *regressive* taxes like the SALES TAX or the GAS TAX which hit average working people, retirees and others on fixed incomes the hardest. When the time comes to raise taxes, GUESS WHOSE TAXES WILL BE RAISED?
- Proposition 9 means higher state and local fees. Think what will happen to the cost of things like vehicle registration and weight fees, college tuition, garbage collection and other charges if state income tax rates are cut in half. WHOM WILL THESE INCREASES HURT? The handful of superrich with their \$2,000,000,000 tax break? Or the rest of us?

Proposition 9 is unfair and misdirected. IF IT WINS, WE LOSE. VOTE NO ON 9.

ATTENTION, SENIOR CITIZENS:

You worked hard and paid taxes all your lives. Now your income is lower and so are your income taxes. Over 2,800,000 California seniors pay *NO* income tax and get no relief from Proposition 9.

Proposition 9 means *MORE TAXES* for seniors and less from government in return. VOTE NO ON 9.

**EVERETT V. O'ROURKE**

*Chairman, California Legislative Committee  
American Association of Retired Persons  
National Retired Teachers Association*

**ANTHONY RAMOS**

*Executive Secretary, California State Council of Carpenters*

**FREDA THORLAKSSON**

*President, California State PTA*

## Rebuttal to Argument Against Proposition 9

### PROPOSITION 9—YES!

I. **PROPOSITION 9 HELPS EVERY CALIFORNIAN FIGHT INFLATION.** Californians need tax reductions to combat the harm caused by the rising living costs—which increased 25 percent in two years!

**PROPOSITION 9'S OPPONENTS DON'T BELIEVE YOU NEED INFLATION RELIEF.**

II. **PROPOSITION 9 WILL ONLY REDUCE STATE INCOME TAXES TO 1978 LEVELS.** State income taxes are actually going up faster than property taxes prior to Proposition 13. State income taxes have nearly tripled in just three years!

*We believe you paid enough income taxes three years ago.*

**PROPOSITION 9'S OPPONENTS SAY YOU DIDN'T PAY ENOUGH.**

III. **PROPOSITION 9 WILL REDUCE STATE INCOME TAXES MOST FOR THOSE WITH THE LOWEST INCOMES.**

That's especially important for senior citizens paying income taxes on their small interest earnings, pensions, and part-time employment. And it's important for renters, many with lower incomes, who gained less than property owners from Proposition 13.

Under \$10,000 income, Proposition 9 cuts state income taxes 74 percent, 70 percent at \$15,000. At \$50,000, tax cuts are one-third

less. Corporations get no tax reductions.

**PROPOSITION 9'S OPPONENTS SAY NO REDUCTIONS ARE POSSIBLE.**

IV. **TEXAS AND FLORIDA HAVE 4 PERCENT SALES TAX. NO INCOME TAX. PROPERTY TAXES ARE LESS THAN CALIFORNIA'S. EACH HAS LOWER CRIME RATES THAN CALIFORNIA.**

After Proposition 9, California's per capita taxes will be about average nationally. Obviously, government can provide essential services with these revenues.

**OUR OPPONENTS SAY, "CUTTING TAXES DOESN'T MAKE GOVERNMENT MORE EFFICIENT."**

**WE SAY, IT MUST BE MADE MORE EFFICIENT BEFORE IT BANKRUPTS US!**

**PROPOSITION 9—YES!**

**HOWARD JARVIS**

*Chairman, California Tax Reduction Movement*

**DR. ARTHUR LAFFER**

*Professor of Economics, U.S.C.*

**BOB WILSON**

*Democratic State Senator, 39th District*

## Official Title and Summary Prepared by the Attorney General

**RENT. INITIATIVE CONSTITUTIONAL AMENDMENT.** Declares rent control to be matter of local government concern. Provides that rent control shall be imposed only by vote of the people through enactment of local ordinances. Prohibits state-enacted rent control. Permits annual rent increases based on Consumer Price Index and additional increases based on other specified factors. Requires that rent control ordinance establish a commission to resolve grievances involving rent increases. Exempts specified types of rental units from rent control. Prohibits landlord retaliation for exercise of tenant's rights. Repeals existing rent control ordinances as of date of next election. Fiscal impact on state or local governments: No state fiscal effect. Minor increases in local election expenditures. Possible increase in local government costs to administer landlord/tenant grievances.

## Analysis by Legislative Analyst

**Background:**

There is no state law which specifically regulates or controls the prices which persons may be charged to rent privately owned residential housing units. Under general regulatory powers, the legislative bodies of cities and counties may adopt ordinances to regulate and control rents. As of January 1, 1980, 18 cities and counties had adopted some form of rent control.

**Proposal:**

This proposition would amend the State Constitution to:

- Declare that rent control is a matter of local government concern and prohibit the state from taking any action to control rents.
- Prohibit local governments from adopting rent control except by an ordinance approved by a vote of the people in the local jurisdiction.
- Require that each rent control ordinance approved by the voters expire no later than four years after its adoption (although subsequent ordinances could be enacted or reenacted).
- Make all existing rent control ordinances which were adopted prior to the effective date of this measure inoperative after the next local election.

The following types of rental units would be exempt from rent control ordinances:

1. Single-family residential units. Two or more units owned by the same owner in the same project would *not* be exempt.
2. Units subject to a transient occupancy tax such as hotels and motels.
3. Newly constructed units which are first occupied by tenants after the effective date of this proposition.
4. Units in publicly financed, insured, or subsidized multifamily housing projects when rents are subject to control resulting from such financing, insurance, or subsidy.

Furthermore, units that are voluntarily vacated by tenants would be exempt from control until after they are rented again. If a tenant is forced to move because of nonpayment of rent, the unit would be exempt from control until it is rented again.

The proposition further requires all rent control ordinances to provide (1) uniform criteria under which landlords could increase rent and (2) a commission to resolve grievances.

**Criteria for Allowing Rent Increases.** Each local ordinance would be required to allow landlords to increase rents at the same rate as the annual increase in the Consumer Price Index. Each local ordinance would also be required to contain standards permitting additional increases above those based on the Consumer Price Index, including, but not limited to, those to pay for (1) the cost of property improvements over a reasonable period of time and (2) extraordinary cost necessary to meet code requirements. Each ordinance also would be required to establish procedures for additional increases to be granted by the commission to compensate for prior periods during which rents were not increased up to the Consumer Price Index, for increased user fees, for hardship conditions, and for a fair rate of return.

**Commission to Resolve Grievances.** Each local ordinance would be required to establish an appointive, representative commission to resolve landlord/tenant grievances which result from rent increases in excess of the Consumer Price Index and/or the standards provided in the ordinance. The commission would have the authority to adjust the amount of rent increases on a case-by-case basis, and to require the holding of disputed rent increases in a trust fund until the resolution of the dispute.

Other provisions of this proposition permit, but do not require, local rent control ordinances to provide (1) sanctions and penalties for rent increases not made in good faith, (2) rent decreases or rollbacks that do not reduce rents below the allowable increases, had the local ordinance been in effect on July 31, 1979, or two years prior to the effective date of the rent control ordinance, whichever is later, and (3) rent adjustments for mobilehomes that are sold to new owners.

**Fiscal Effect:**

The proposition has no state fiscal effect but may affect local expenditures in two ways:

First, there may be additional local expenditures for elections because the proposal makes rent control ordinances subject to a vote of the people in the local jurisdiction. These costs would be minor, however, because the rent control proposals could be incorporated into normal election procedures.

Second, there could be an increase in local administrative costs because the proposition requires the establishment of a commission to resolve landlord/tenant grievances. The fiscal impact of this administrative requirement would depend on the number and complexity of complaints to be reviewed.

## Text of Proposed Law

This initiative measure expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

### PROPOSED AMENDMENT TO ARTICLE XI

#### ARTICLE XI § 7½

##### FAIR RENT CONTROL STANDARDS

**SECTION (a) [Findings and Declarations.]** The People of the State of California find and declare that the enactment of fair rent control regulations is appropriately a matter of local government concern. If such regulations are improperly defined, administered or applied at the local level, a number of adverse impacts may result, including: reduction in the supply of available housing; reduction in the quality of existing housing; increased government administrative costs; increased burden on the courts from numerous housing related lawsuits; less economic opportunity and reduction in the number of available jobs; and tax increases to fund the local costs of rent control programs. It is necessary for the people to enact this amendment to the Constitution of the State of California to occupy exclusively the field of regulation of residential property rents by establishing that all controls be by enactment of local ordinances which ordinances shall be consistent with this article so as to benefit all the people of California.

**SECTION (b) [Local Ordinances.]** Rent control shall be imposed only by a vote of the people of a local jurisdiction through enactment of an ordinance, which ordinance shall be consistent with this article. The state shall not enact rent control. Each ordinance enacted pursuant to this article shall expire no later than four (4) years after the adoption of the ordinance, but subsequent ordinances regulating rent increases may be enacted or re-enacted pursuant to this article.

**SECTION (c) [Commission.]** An ordinance enacted pursuant to this article shall establish an appointive, representative commission to resolve grievances which result from rent increases in excess of the consumer price index and/or the standards provided in the ordinance. Upon receipt of a petition from a tenant, the commission shall notify the landlord and may require that the landlord pay the portion of rent increase received in excess of the consumer price index into a trust fund to be held until resolution of the matter by the commission.

The commission shall have the power to review rent increases and decreases on a case-by-case basis and, if necessary, to adjust the individual rent to conform to the standards adopted by the ordinance and to adjust or approve increases above the standards in cases of hardship.

Any petition for judicial review of a commission decision shall be filed within sixty (60) days of such decision. The ordinance may provide penalties and/or sanctions for rent increases not made in good faith and for an unconscionable rent increase made prior to a commission decision on such increase.

Nothing in this article shall deprive a landlord or tenant of remedies as provided by law, nor shall the fact that a petition is pending before the commission be a defense in an unlawful detainer action.

**SECTION (d) [Allowable Rent Increases.]** A landlord shall be permitted to increase rents. Annual rent increases up to an amount whereby the increase equals the average increase in the consumer price index for the published preceding twelve (12) calendar months and additional rent increases within standards established by the ordinance, including but not limited to those to compensate for reasonable amortization of improvements and extraordinary costs necessary to conform to code requirements shall be permitted.

The ordinance shall establish procedures for the commission to approve or adjust or deny additional rent increases to compensate for prior periods during which rents were not increased up to the consumer price index, for increased user fees, for hardship situations and for a fair rate of return.

**SECTION (e) [Allowable Rent Decreases or Rollbacks.]** An ordinance enacted pursuant to this article may allow for decrease of rents in existence on the effective date of the ordinance, provided, however, that the ordinance shall not decrease existing rents below that rent which would have been permitted by Sections (d) and (g) of this article, as if the ordinance had been in effect on July 31, 1979, or two years prior to the effective date of the ordinance, whichever date is most recent.

**SECTION (f) [Rental Units Not Subject to Rent Control.]** The following rental units shall not be subject to rent control or to the provisions of an ordinance enacted pursuant to this article:

(1) Single family residential units.

(2) Rental units subject to a transient occupancy tax.

(3) Newly constructed rental units which are first occupied by tenants subsequent to the effective date of this article. Such exemption shall apply for the life of the rental unit.

**SECTION (g) [Vacated Rental Units.]** A rental unit which is voluntarily vacated at any time subsequent to the effective date of an ordinance enacted pursuant to this article, shall not be subject to rent control or the provisions of an ordinance enacted pursuant to this article. After reletting thereof, such rental unit may again become subject to the provisions of such ordinance.

An ordinance enacted pursuant to this article may provide that upon the resale of a mobile home the landlord, tenant and/or the parties to the sale may petition the commission for an adjustment of the rent. In making its decision the commission shall take into consideration the value of the mobile home.

**SECTION (h) [Exception.]** Units in multi-family housing projects financed or insured by a federal, state or local agency or receiving rent subsidy assistance therefrom, when such rental units in such multi-family housing projects are subject to rent controls resulting from such financing, insurance or subsidy, shall not be subject to this article.

**SECTION (i) [Conformity with State Law.]** No local jurisdiction shall continue in force any existing rent control after the next election in that jurisdiction following adoption of this article.

**SECTION (j) [Contractual Obligations.]** An ordinance enacted pursuant to this article shall not impair the validity of existing contractual obligations affecting a rental unit entered into on or before July 31, 1979, or two years prior to the effective date of the ordinance, whichever date is most recent.

**SECTION (k) [Retaliatory Eviction.]** No landlord shall retaliate against any tenant for the tenant's exercise of rights provided for by an ordinance enacted pursuant to this article.

**SECTION (l) [Definitions.]** For the purposes of this article the meaning of terms used in this article, shall be as follows:

(1) "Consumer price index" means the consumer price index for all items for all Urban Consumers for the United States as compiled by the United States Department of Labor, Bureau of Labor Statistics, or if such index is unavailable, an equivalent standard.

(2) "Improvements" means a valuable addition or change in a rental unit's condition, amounting to more than mere repairs which addition or change necessitates the expenditure of substantial labor or capital, and which is intended to enhance significantly the value, beauty, utility or safety of a rental unit.

(3) "Local jurisdiction" means a city, county, and city and county, including any charter city or city and county.

(4) "Rent" means any consideration, monetary or otherwise, demanded or received for the use or occupancy of any rental unit, not including deposits.

(5) "Rent control" means any state or local governmental action including legislation, ordinance, order or other action which attempts to or in fact does freeze, reduce, restrict, limit, rebate or otherwise control the amount of rent demanded or received for the use or occupancy of any rental unit.

(6) "Rental unit" means any building, mobile home, structure or part thereof, or land appurtenant thereto or other real property including a lot or space in a mobile home park, rented or offered for rent for living or dwelling purposes.

Continued on page 47

## Argument in Favor of Proposition 10

Californians must act swiftly and positively to provide a sensible solution to a crisis that has put the citizens of this state in a ridiculous situation.

Renters want to rent, builders want to build, construction workers want to work, investors want to invest, and lenders want to lend. Yet, the shortage of rental housing in our population centers becomes worse every day.

Jobs are being lost, millions of dollars in investment funds are being diverted to other states, and thousands of Californians are being deprived of affordable housing.

If the demand is there and the willingness to increase the supply is there, why haven't the natural forces of the marketplace increased the supply to meet the demand? Because ill-conceived, *unrestricted* rent controls have been permitted to replace those natural forces.

Construction of apartments and mobilehome parks in California has virtually stopped simply because long-term building investments can be turned into financial disasters by an excessive rent regulation or change in existing law.

California renters not only must have a place to rent, they must have a means to be protected against rent gouging and unjustified eviction by unscrupulous landlords. Equally, property owners are entitled to a fair return on their investments.

Both sides must be protected against the unfair and punitive schemes promoted under false banners by political opportunists.

Proposition 10—the Rent Amendment—provides those protections in a sensible solution that will stimulate construction, create jobs, and return competition to the rental marketplace.

Proposition 10 is not a rent control law, nor is it in any way a prohibition against local rent control laws. It establishes in the California Constitution certain *standards*—uniform

procedures—to which local rent control ordinances must comply. For example, it:

- Establishes the Consumer Price Index—the accepted measure of inflation—as the primary basis for annual rent increases.
- Prohibits owners from retaliating against a tenant for exercising his or her rights.
- Requires appointment of local rent commissions to act on grievances.
- Provides that rent control laws may be enacted only by the voters of a city or county; puts rent control in the hands of the people—not the politicians.
- Exempts from rent control newly constructed facilities to encourage new housing.

The full text of the amendment appears elsewhere in this pamphlet. We urge you to read it and decide on your own whether this is a sensible solution.

You will find Proposition 10 is fair to both sides.

It will make more apartments and other rental units available, protect tenants against rent gouging and retaliation, provide needed jobs, insure local control over rents, and eliminate the obstructions fostered by political schemers.

A YES vote for Proposition 10 is a vote for the good of *all* Californians.

JAMES S. LEE  
President, State Building and Construction Trades Council  
(AFL-CIO)

DIXON ARNETT  
Vice President, Public Affairs Research  
Claremont Men's College

JACK F. ANIGAN  
Executive Director, California Housing Council

## Rebuttal to Argument in Favor of Proposition 10

If Proposition 10 becomes part of the State Constitution, the only real winners will be the few who are spending so much money to further their own special interests. Proposition 10 does *absolutely nothing* for renters.

Proposition 10 is not what it seems. If you carefully read Proposition 10 you will find that it:

- Does not "protect tenants against rent gouging and retaliation." In fact, *it would eliminate existing protections* and make effective future protections impossible.
- Does not "insure local control" of housing. In fact, *it would eliminate local control* and force every community to conform to the same "uniform procedures," regardless of unique local needs or local voters' desires.
- Does not provide a single new rental unit or home or create a single new job.

This deceptive measure also does nothing about sky-high interest rates or the high cost of land and construction, the major causes of the housing shortage.

Everyone agrees we need more housing. California's housing problems have reached critical proportions, and renters,

especially senior citizens and the poor, are the hardest hit.

However, far from being a solution, Proposition 10 would only aggravate the situation. Renters and mobilehome owners would pay much higher rents, and homeowners would see even more speculation and neighborhood destruction.

We hope that you will join us in trying to find genuine solutions to California's housing shortage. Please also join us in saying *NO* to rent gouging, increased speculation and the manipulation of the State Constitution for the financial benefit of a few.

Please vote *NO* on Proposition 10.

Tom BRADLEY  
Mayor, City of Los Angeles

David A. ROBERTI  
State Senator, 23rd District  
Senate Majority Leader

AOUL TEILHET  
President  
California Federation of Teachers (AFT), AFL-CIO

## Argument Against Proposition 10

Proposition 10 is not what it appears to be. It *eliminates* local controls over housing. It *throws out* current rent control laws passed by local officials and the voters. It denies renters their fair share of Proposition 13 benefits. It builds needless bureaucracy, not housing. It requires *expensive* and *unnecessary* elections. Don't be confused. The facts are clear.

Since the passage of Proposition 13, many cities have passed laws to make sure that renters share in Proposition 13 benefits. Los Angeles, San Francisco, San Jose and over one dozen other cities have passed modest rent relief measures. This initiative *throws out* all these laws. It denies the benefits of Proposition 13 to millions of senior citizens, mobilehome owners, and other renters.

This measure denies local control over important housing issues. It claims to enable local government to establish fair rent regulations. In fact, it does the opposite. It *prevents* local government from acting to protect its citizens. And it encourages *highly inflationary* rent increases.

Proposition 10 will:

- Require expensive and unnecessary local elections;
- Invalidate mobilehome rent guidelines of vital importance to nearly one million retirees and other mobilehome owners;
- Create unnecessary local bureaucracies;
- Destroy many community housing programs designed to rehabilitate neighborhoods and help the elderly; and
- Encourage speculation in housing, which has been destructive to so many neighborhoods.

The sponsors claim this measure will add new construction. Current rent regulations *already exempt new construction*. In fact, this measure will interfere with new construction programs currently underway. And this measure will not build a single new home or apartment.

This measure is entirely unnecessary. Local government

*already* has the ability to do what Proposition 10 provides. But this measure *dictates* what local government must do, *even if the voters choose otherwise*. It requires "rent commissions" which are not allowed to provide any real protection to renters. It *requires* elections to enact laws which provide no benefits to anyone. And it places these requirements in the California Constitution.

Eleven million Californians rent their homes. Their average income is half that of homeowners. Runaway inflation in housing has made it extremely difficult for ordinary families to find decent, affordable housing. Proposition 10 eliminates the ability to control inflation in housing. Even when costs stay the same or go down, cities will be forced by Proposition 10 to permit rent raises faster than the general rate of inflation.

Don't be deceived. The sponsors of Proposition 10 are not renter or homeowner groups. They are the largest landlords in the state. Their law is deceptively worded to sound reasonable. But it only benefits the special interests and eliminates many hard-won protections which renters already have.

This law circumvents the democratic process. For many years, our cities have developed housing policies which fit their own needs. Now, the real estate industry is trying to take that control away. Join us in working for better housing for all Californians. Vote no on Proposition 10.

**TOM BRADLEY**  
*Mayor, City of Los Angeles*

**DAVID A. ROBERTI**  
*State Senator, 23rd District*  
*Senate Majority Leader*

**RAOUL TEILHET**  
*President*  
*California Federation of Teachers (AFT), AFL-CIO*

## Rebuttal to Argument Against Proposition 10

Those who seek to prevent establishment of standards that will prohibit rent gouging and provide a sensible solution to California's critical rental shortage have based their argument on statements that are contrary to fact.

They claim Proposition 10 denies local control. It does the opposite. Rent controls could be enacted only by a vote of the local people; statewide control would be prohibited.

They claim it would encourage inflationary rent increases. It does the opposite. Annual rent increases that exceed the rate of inflation (CPI) could be disallowed. Retaliation evictions would be prohibited.

They claim Proposition 10 would create local bureaucracies. It would not. Some unrestricted rent ordinances now require expensive rental unit registrations. Proposition 10 doesn't. It requires only that local ordinances establish appointive commissions to act on grievances.

They claim Proposition 10 would not increase construction and would encourage speculation. It would do the opposite. Its assurance of amortization and fair return on investment

encourages construction of rental properties and provides incentives to build and retail rental structures.

Because conditions change, local ordinances would expire and could be updated after four years.

Local voters—not governmental bureaucracies—would create and *control* all rent regulations.

Proposition 10 is a sensible compromise that protects both tenant and owner. It will stimulate the construction necessary to restore competition to the rental marketplace. To end our current chaos, vote YES.

**JAMES S. LEE**  
*President, State Building and Construction Trades Council*  
*(AFL-CIO)*

**DIXON ARNETT**  
*Vice President, Public Affairs Research*  
*Claremont Men's College*

**JACK FLANIGAN**  
*Executive Director, California Housing Council*

## Official Title and Summary Prepared by the Attorney General

**TAXATION. SURTAX. INITIATIVE STATUTE.** Levies a 10-percent surtax on the business income from California sources of energy businesses (except public utilities) whose principal activity is the obtaining, processing, distributing or marketing of oil, gas, coal, or uranium. Allows a tax credit against surtax of \$0.50 for every dollar invested in California after January 1, 1979, to increase the production or refining of California crude oil or gas over 1978 base levels. Requires that surtax proceeds be used to fund increased bus and rail service for Californians and to develop alternative transportation fuels. Prohibits businesses from passing surtax on to consumers. Fiscal impact on local or state governments: Depending on exact amount of tax credits claimed in each year, estimated state revenue increases of \$150 to \$420 million in 1980–81, and \$165 to \$470 million in 1981–82 could occur. Under existing statutes, approximately one-half of increases would be distributed to local governments for improvement of public transit services.

## Analysis by Legislative Analyst

**Background:**

**Taxation of Corporations.** California currently imposes a tax on the taxable income of all corporations that do business or own property in this state. The present tax rate of 9.6 percent is applied to the taxable income of nonfinancial corporations.

In many cases, businesses operating inside California also have operations in other states and other countries. For these businesses, the California Franchise Tax Board allocates a share of the corporations' nationwide or worldwide income to California, based on California's share of the businesses' overall property, payroll and sales.

**Transportation Planning and Development Account.** The Transportation Planning and Development Account in the State Transportation Fund provides funds to support a variety of state and local transportation-related projects, including local transit assistance, and alternative motor vehicle fuel programs. This account is currently funded by annual transfers of sales tax revenue and is estimated to have \$139 million available for support of state and local transportation-related projects in 1980–81.

**Proposal:**

This initiative would:

- (1) Levy a 10-percent energy surtax on the taxable income of energy-related businesses operating in California.
- (2) Allow affected corporations to take a credit against the surtax for investments made in California which increase the production or refining of crude oil or gas.
- (3) Require that all proceeds from the surtax be deposited in the Transportation Planning and Development Account.

The surtax would apply to all corporations whose "principal activities" are energy related. The measure defines "principal activity" to mean that more than 50 percent of a corporation's total sales result from energy-related products. The surtax *would not* apply to public utilities whose principal activity is the obtaining, processing, distributing, or marketing of oil, gas, coal or

uranium, and corporations whose principal activity is the production or sales of alternative sources of energy such as geothermal, solar or wind.

The energy surtax would be in addition to the normal corporation tax rate of 9.6 percent. Thus, most affected corporations would be subjected to a 19.6-percent tax rate, which would be applied to California's share of the affected corporations' worldwide income. The first \$5 million of a corporation's worldwide income would be exempt in determining the earnings which would be subject to the surtax. However, this exclusion would be reduced by \$1 for every dollar of worldwide business income in excess of \$5 million. Thus, for example, corporation with \$6 million in income would have an exclusion of \$4 million and would have to pay the surtax on California's share of the remaining \$2 million of worldwide income. Corporations with incomes over \$10 million would receive no exclusion and would have to pay the surtax on California's share of their *total* profits.

A credit would be allowed against the surtax for investments made by corporations in California to increase oil or gas production above their 1978 levels. Such investments would have to be approved by specified state agencies.

The credit would be equal to 50 percent of the amount invested to increase oil or gas production or refining. Thus, for every dollar invested to increase oil or gas production or refining in California, corporations could reduce their surtax by 50 cents. The total amount of the credit taken in any one year would be limited to 50 percent of the total surtax for that year; however, any excess or unused credits could be used by corporations to offset the surtax in future years.

The proposal would not allow corporations to pass the surtax on to consumers. The proposal, however, does not provide a method for enforcing this provision.

**Fiscal Effect:**

**Increased State Revenues.** Because (1) we have no basis for estimating the level of profits which will be realized by corporations in energy-related fields in the future, and (2) we do not know to what extent corporations affected by this initiative would utilize the invest-

ment credits, we cannot make a precise estimate of the surtax revenues which would occur as a result of this initiative. However, based on projections of the reported profits of energy-related corporations through 1979, adoption of this proposal could increase revenues to the state by \$300 million to \$420 million in 1980-81 and \$330 million to \$470 million in 1981-82. These estimates make no allowance for any reduction in surcharge revenues because of the credits allowed under this initiative. If the *maximum* credits were utilized, the net revenue increase could total \$150 million to \$210 million in 1980-81 and \$165 million to \$235 million in 1981-82.

**Effect on State and Local Governments.** Because the initiative specifies that proceeds from the surtax are to be deposited in the Transportation Planning and Development Account, the moneys from this tax would have to be distributed to various state and local entities according to existing laws.

On this basis, over 35 percent of the total increase in

revenues resulting from this surtax would be distributed to California's four major population areas—the San Francisco Bay area, San Diego County, Los Angeles County, and Orange County—and about 10 to 15 percent of the revenues would be distributed throughout other areas of the state. These funds would be earmarked for the improvement of public transit services.

The remaining 50 percent of the proceeds would be available to be appropriated by the Legislature for general transportation purposes, including research for developing alternative transportation fuels. Because these funds are available for general appropriation, it is not possible to predict how the remaining revenues would be distributed among the state and local governments.

As a result of the passage of Proposition 4 by the voters last November (which puts a limit on certain appropriations by state and local governments), it is possible that some local governments would not be able to spend all of the proceeds from this surtax without reducing expenditures for other activities.

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### Text of Proposed Law

This initiative measure proposes to add sections to the Revenue and Taxation Code; therefore, new provisions to be added are printed in *italic type* to indicate that they are new.

#### PROPOSED LAW

Section 1. Chapter 2.8 (commencing with Section 23480) is added to Part 11 of Division 2 of the Revenue and Taxation Code, to read:

##### *Chapter 2.8. Oil Profits Tax*

**23480.** *We, the people of California, do hereby levy an energy surtax on the excess profits of oil companies operating within this state.*

**23481.** *The surtax shall apply to all energy businesses, except public utilities, whose principal activity is the obtaining, processing, distributing or marketing of oil, gas, coal, or uranium, but not of alternative sources of energy, as defined by the California Energy Commission such as solar, geothermal, wind, or biomass. Principal activity means more than fifty percent (50%) of sales as determined by the California Franchise Tax Board pursuant to Chapter 17 or 18 of the Bank and Corporation Tax Law.*

**23482.** *The surtax shall be imposed at the rate of ten percent (10%) on the business income from California sources.*

**23483.** *In determining the amount of business income from California sources subject to the surtax, the sum of five million dollars (\$5,000,000) shall be excluded from worldwide business income. However, the amount excluded shall be reduced by one dollar (\$1.00) for each one dollar (\$1.00) of worldwide business income in excess of five million dollars (\$5,000,000).*

**23484.** *A credit of fifty cents (\$.50) shall be allowed against this surtax for every dollar (\$1.00) invested in*

*California after January 1, 1979, to increase the production or refining of California crude oil or gas over 1978 base levels. Credits for 1979 may be allowed under rules adopted by a two-thirds vote of the Legislature. In no case shall the tax credit allowed exceed fifty percent (50%) of the surtax due. Tax credits in excess of the fifty percent (50%) allowed may be carried over to subsequent years.*

**23485.** *Collection of the surtax shall be the responsibility of the California Franchise Tax Board. For purposes of applying the credit allowed under Section 23484, the California Energy Commission shall certify investments made to increase refining of California crude; the Division of Oil and Gas, of the Department of Conservation, shall certify investments made in new or increased production.*

**23486.** *All proceeds from the surtax shall be deposited in the Transportation Planning and Development Account: to fund increased bus and rail service for Californians and to develop alternative transportation fuels.*

**23487.** *The energy surtax and estimated surtaxes shall be paid at such time and in such manner as required by state law for other taxes due under the Bank and Corporation Tax Law.*

Section 2. The Legislature, by a two-thirds vote of the members of each house, may strengthen but not weaken the provisions of this measure.

Section 3. This measure shall apply to income years beginning on and after January 1, 1980.

Section 4. Businesses subject to this surtax shall not pass this surtax on to the consumer.

Section 5. If any section, part, clause, or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected, but shall remain in full force and effect.



## Argument in Favor of Proposition 11

**TAX BIG OIL.**

*"Reasonable profits, yes. Greed, no."*

In 1979, big oil companies made the highest profits in history. The average increase in 1979 profits was 100 percent over 1978.

At the same time, the price of gasoline soared to a record high: increasing almost a penny a gallon a week. And every one penny at the pumps equals another one billion dollars to big oil.

More and more Californians can no longer afford to drive to work. When gasoline hits two dollars a gallon, public transit will no longer be a luxury. It will be a necessity.

It's time to fight back. Sure, big oil is entitled to a reasonable level of profit. But this year they're eating up more than their share.

**PROPOSITION 11:**

- Puts a 10-percent surtax on the excess profits of big oil companies.
- Exempts firms earning less than \$5 million a year.
- Gives a 50-percent tax credit for increased production of refining of California oil and gas.
- Raises \$125 to \$200 million in new state revenues each year for *increased bus service, increased rail service, and development of alternative fuels*, like ethanol and methanol.
- Prohibits passing tax on to consumers.

**PROPOSITION 11 WILL SAVE ENERGY.**

*Energy conservation* is the most immediate solution to our energy problem. And, since most energy is consumed by the automobile, mass transit is the most effective means of conserving.

By providing \$125 to \$200 million in new state funds for mass transit, Proposition 11 will make a dramatic contribution to easing our energy problem.

**PROPOSITION 11 WILL CREATE JOBS.**

Proposition 11 will stimulate the economy by creating 1,650-5,500 new jobs each year. For this reason, Proposition 11 enjoys the *strong support* of organized labor throughout the state.

**PROPOSITION 11 WILL HELP SAVE CITIES.**

Cities depend on good, convenient public transit.

California cities could use the \$200 million provided by Proposition 11 for:

- New bus lines; weekend and evening bus service.
- New light rail for *San Diego*.
- New light rail for the *Sacramento/Folsom* corridor.
- Commuter rail from *Oxnard* and *San Bernardino* to *Los Angeles*.
- Subway for the *Wilshire* corridor.
- Transit connecting *San Francisco* and the *South Bay*.
- Light rail for the *Santa Clara/Guadalupe* corridor.
- Improvements for the *San Francisco Muni*.

**PROPOSITION 11 WILL HELP CALIFORNIA BUSINESS.**

California's vast energy reserves have gone largely undeveloped because oil companies have never had sufficient fiscal incentive to go after them.

Proposition 11 provides this incentive by giving oil companies a 50-percent tax credit for any investment made *in California* to increase production or refining of crude oil or natural gas.

This credit will help deliver the oil and gas we need—and create even more jobs.

**PROPOSITION 11 CREATES NO NEW BUREAUCRACY.**

Proposition 11 will create no new state bureaucracy. So, all revenues collected go immediately to more buses and trains.

This tax merely adds 10 percent to an existing tax—easily calculated and collected by existing staff.

**TAX BIG OIL—VOTE "YES" ON PROPOSITION 11.**

To tax excess oil profits, to save energy and to create jobs, we urge our fellow Californians to vote "yes" on Proposition 11.

EDMUND G. BROWN JR.  
*Governor*

DIANNE FEINSTEIN  
*Mayor of San Francisco*

BILL PRESS  
*Chairman, Citizens to Tax Big Oil*

## Rebuttal to Argument in Favor of Proposition 11

Backers of Proposition 11 neglect to tell you that *all* California business income of affected companies would be subject to the surtax. It would more than double their income tax on such nonenergy activities as farm products, shipping and construction.

Many companies subject to this surtax do not deal exclusively in energy.

Claims by Governor Jerry Brown and other proponents that Proposition 11 would create new jobs are wholly unsupported.

Their initiative, in fact, offers tax savings to companies that move payrolls and facilities out of California and discourages others from locating here. This is appalling in view of Jerry Brown's own administration's report that we need more than a quarter-million new jobs annually—just to keep California's unemployment rate from increasing!

Backers of this scheme claim the surtax is aimed at "big oil companies." Their own initiative shows this is nonsense. It would also apply to smaller, independent companies and could tax their growth at twice the rate of big companies'.

Proposition 11's tax credit is a scam. The state takes \$1 and returns 50 cents. Revenue lost to taxes can't produce more energy—ridiculous in view of our need for energy independence.

Reason for their scheme, says Jerry Brown: Oil companies are "eating up more than their share" of profits. The facts: In 1979, the largest five oil companies averaged 4.9 percent profit on sales. The largest five nonoil industries that have reported averaged 5.8 percent!

Californians can't afford Proposition 11. Vote NO.

MILTON FRIEDMAN  
*Nobel Laureate*  
*Hoover Institution, Stanford University*

KIRK WEST  
*Executive Vice President*  
*California Taxpayers Association*

MORRIS S. FRANKEL  
*President*  
*California Independent Producers Association*

## Argument Against Proposition 11

At the moment we are struggling to reduce our energy dependence on foreign nations, Proposition 11 would decrease the funds available for exploration and development of new domestic sources.

Proposition 11 is a political scheme that originated with Governor Jerry Brown, is endorsed by him and is sponsored by one of his closest political lieutenants.

The proposed surtax would put into the hands of bureaucrats millions of dollars that should be spent by private industry to develop new sources of energy—from expansion of solar and geothermal power to increases in petroleum productions.

It would discourage private industry development and put the state into the energy business.

It is discriminatory. The growth of some smaller companies could be penalized twice as severely as that of big companies.

Growing California must generate tens of thousands of new jobs every year, just to keep unemployment from increasing. Yet, Proposition 11 would provide tax savings to companies that cut their California payrolls and would discourage other firms from establishing job-creating facilities here.

Proposition 11's sponsors claim it would merely impose a surtax on the excess profits of the big oil companies. That simply is not true. The additional tax—which would more than double the present business income tax—would apply to all California income, not to excess profits. Nor would it apply only to the major oil companies.

Also, it would not apply solely to energy sales.

For example, the combined income of a farming company with 51 percent of its income from oil production on its land could be subject to this surtax. It could apply to sales of grapes, peaches, cotton and other nonenergy products as well as oil.

But this company's competitors without energy involvement would pay no surtax. This is discriminatory and unfair

and, in some cases, could encourage *reduction* of energy production to avoid the surtax liability.

Proposition 11 is riddled with flaws that would result in long and expensive lawsuits.

For example, the initiative says the surtax shall be imposed on the "*business income*" from California sources of companies subject to the tax. It fails to specify *gross* or *net* income. A written Legislative Counsel opinion says it would apply to gross income. Thus, a company with less than 10 percent profit could pay it all in surtax and face bankruptcy.

Some legal experts feel it would apply to *net*. This conflict is unresolved.

There is a serious legal question whether all the surtax income could be spent for mass transit and alternate fuel, as mandated by the initiative. The measure ignores the spending limitations placed in the California Constitution by the "Spirit of 13" amendment approved by the voters last November.

Could the state legally spend an additional \$400 million annually for mass transit without reducing its spending for other purposes, such as education, health and law enforcement?

This punitive political scheme that threatens California's employment and development of energy sources must be stopped. We urge you to vote NO on Proposition 11.

MILTON FRIEDMAN

*Nobel Laureate*

*Hoover Institution, Stanford University*

KIRK WEST

*Executive Vice President*

*California Taxpayers Association*

MORRIS S. FRANKEL

*President*

*California Independent Producers Association*

## Rebuttal to Argument Against Proposition 11

Big Oil wants us to believe they're spending their enormous profits exploring for more energy.

In fact, a large portion of those profits have *not* gone for new exploration—but rather to acquire other *non-energy-related businesses*.

A few recent examples:

- Mobil bought *Montgomery Ward*.
- Arco bought the *London Observer*.
- Gulf bid \$30 million to buy *Ringling Brothers Barnum and Bailey Circus*.

How much oil is Mobil going to find under Montgomery Ward? Clearly, Big Oil is more interested in profits than production. We get Big Lies from Big Oil.

For example, the opponents of Proposition 11 say:

- That there is confusion about whether the tax applies to gross or net income. In fact, this tax is merely an addition to an *existing* tax that is applied to *net* income—not gross income.
- That Proposition 11 will hurt small companies. But according to the State Franchise Tax Board *no more than 50*

*major integrated oil companies in California will be subject to the tax.*

- That Proposition 11 is in conflict with the Gann spending limit initiative. But the California Attorney General has already stated that Proposition 11 will have no significant impact on state and local spending.

*Even the big oil companies agree that Big Oil will not simply pass the tax on to the consumer through higher gas prices. If they did, they would be in violation of both state and federal law.*

Don't be fooled by Big Oil. Remember these hard facts:

1. Gasoline prices are higher than ever.
2. Big Oil profits are the highest in history.
3. California needs more transit—and Big Oil can afford to help pay the cost.

Please—vote "**YES**" on Proposition 11.

DIANNE FEINSTEIN

*Mayor of San Francisco*

BILL PRESS

*Chairman, Citizens to Tax Big Oil*

and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest on the bonds as the principal and interest become due and payable.

34011. There shall be collected each year and in the same manner and at the same time as other state revenue is collected such a sum in addition to the ordinary revenues of the state as shall be required to pay the principal and interest on the bonds maturing each year, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which shall be necessary to collect that additional sum.

34012. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this division, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal and interest on bonds issued and sold pursuant to the provisions of this division, as principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 34013, which sum is appropriated without regard to fiscal years.

34013. For the purposes of carrying out the provisions of this chapter, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out this division. Any moneys deposited in the fund for expenditure for the purposes of subdivision (f) of Section 34030 shall be transferred to the State Coastal Conservancy upon appropriation by the Legislature in the manner provided in Section 34015. Any moneys deposited in the fund for expenditure for the purposes of subdivision (g) of Section 34030 shall be appropriated to the Department of Parks and Recreation in the manner provided in Section 34015. Any amounts withdrawn shall be deposited in the Renewable Resources Investment Fund, which is hereby renamed and continued in existence as the Parklands and Renewable Resources Investment Fund. Any moneys made available under this section shall be returned to the General Fund from moneys received from the sale of bonds for the purpose of carrying out the provisions of this division.

34014. (a) The proceeds of bonds issued and sold pursuant to this division shall be deposited in the fund. The money in such depository may be expended only for the purposes specified in this division and only pursuant to appropriation by the Legislature in the manner prescribed in this division.

(b) Any other funds that are made available for the program, or for purposes related to the program, by separate appropriation or from other sources may also be deposited in the fund. Such other funds shall be segregated and separately accounted from the proceeds of bonds deposited pursuant to subdivision (a), but such other funds may be appropriated in conjunction with the appropriation required by Section 34015.

34015. All proposed appropriations for the program specified in Section 34001 shall be included in a section in the Budget Bill for the 1980-81 and each succeeding fiscal year for consideration by the Legislature and shall bear the caption "Parklands and Renewable Resources Investment Program." The section shall contain separate items for each project, each class of projects, or each element of the program for which an appropriation is made.

All appropriations shall be subject to all limitations enacted in the Budget Act and to all fiscal procedures prescribed by law with respect to the expenditure of state funds unless expressly exempted from such laws by a statute enacted by the Legislature. Such section shall contain proposed appropriations only for the program elements and classes of projects contemplated by this division, and no funds derived from the bonds authorized by this division may be expended pursuant to an appropriation not contained in such section of the Budget Act.

34016. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code), and all of the provisions of that law are applicable to the bonds and to this division and are hereby incorporated in this division as though set forth in full herein.

34017. For the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the Parklands and Renewable Resources Investment Program Finance Committee is hereby created. The committee consists of the Governor, the State Controller, the Director of Finance, the State Treasurer, and the Secretary of the Resources Agency. For the purposes of this division, the Parklands and Renewable Resources Investment Program Finance Committee shall be "the committee" as that term is used in the State General Obligation Bond Law, and the State Treasurer shall serve as chairman of the committee. The Secretary of the Resources Agency is hereby desig-

nated as "the board" for the purposes of this division and for the purposes of the State General Obligation Bond Law.

34018. All money deposited in the fund which is derived from premium and accrued interest on bonds sold shall be reserved in such depositories and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

34019. As used in this division, and for the purposes of the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "State grant" or "state grant moneys" means moneys received by the state from the sale of bonds authorized by this division which are available for grants to counties, cities, districts, and public agencies.

(b) "Coastal resources" means those land and water areas within the coastal zone or fronting on San Francisco Bay which are suitable for public park, beach, or recreational purposes, including, but not limited to, areas of historical significance and areas of open space that complement park, beach, or recreational areas, or which are suitable for the preservation of coastal resource values.

(c) As used in Chapter 3 (commencing with Section 34030), "district" means any district authorized to provide park, recreation, or open space services, or a combination of such services, except a school district.

(d) "Fund" means the Parklands and Renewable Resources Investment Fund.

(e) "Historical resource" includes, but is not limited to, any building, structure, site, area, or place which is historically or archaeologically significant, or is significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, military, or cultural annals of California.

(f) "Historical resources preservation project" is a project designed to preserve an historical resource which is either listed in the National Register of Historic Places or is registered as either a state historical landmark or point of historical interest pursuant to Section 5021.

(g) "Investment" means the commitment or use of money and other resources of the state for the making of capital improvements and incurring costs related thereto with the expectation of profit or nonpecuniary benefit occurring to the people of the state.

(h) "Program" means the Parklands and Renewable Resources Investment Program established by this division.

34020. Commencing with the Budget Bill for the 1990-91 fiscal year, the balance remaining in the fund may be appropriated by the Legislature for expenditure, without regard to the maximum amounts allocated to each element of the program, for any or all elements of the program specified in subdivisions (a) to (e), inclusive, of Section 34001, or any class or classes of projects within such elements, that the Legislature deems to be of the highest priority.

34021. (a) Payments required to be made as a consequence of any guaranty made in accordance with the provisions of this division shall be made by the State Treasurer from funds appropriated and deposited in the loan default contingency accounts established by this division.

(b) In the event of any default on any such guaranteed loan and upon payment in accordance with the guaranty by the state, the Attorney General shall take such action as may be appropriate to recover the amount of such payment, with interest, from the defaulting party or other persons liable therefor.

34022. Inasmuch as the proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

34023. If any provision of this division or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the division which can be given effect without the invalid provision or application, and to this end, the provisions of this division are severable.

## CHAPTER 3. PARKLANDS AND RECREATION ELEMENT

### Article 1. General Provisions

34030. Three hundred thirty-eight million dollars (\$338,000,000) of the money deposited in the fund shall be available for appropriation in the manner set forth in Section 34015 for the purposes set forth below in amounts not to exceed the following:

(a) For grants to counties, cities, and districts for the acquisition, development, rehabilitation, or restoration of real property for park, beach, recreational, and historical resources preservation purposes, including state administrative costs.... \$95,000,000

- (b) For acquisition, development, rehabilitation, or restoration of real property for the state park system in accordance with the following schedule..... \$75,000,000
- Schedule:
- (1) Forty million dollars (\$40,000,000) for acquisition and costs of planning.
  - (2) Twenty-five million dollars (\$25,000,000) for development and rehabilitation of structures and facilities in newly acquired and existing units of the state park system and for costs of planning and interpretation.
  - (3) Ten million dollars (\$10,000,000) for acquisition, development, and restoration of historical resources and for historical resources preservation projects and costs of planning and interpretation.
- (c) For expenditure for coastal resources in accordance with the following schedule..... \$95,000,000
- Schedule:
- (1) Sixty-five million dollars (\$65,000,000) for acquisition of real property for the state park system and costs of planning.
  - (2) Thirty million dollars (\$30,000,000) for grants to counties, cities, and districts for the acquisition, development, rehabilitation, or restoration of real property, or the acquisition of any interest in real property, necessary for the implementation of certified local coastal programs, and for state administrative costs in connection therewith.
- (d) For acquisition and development by the Department of Boating and Waterways of, and for grants to cities, counties, and other public agencies for acquisition and development of, public access to recreational boating waterways, including costs of planning and interpretation..... \$3,000,000
- (e) For land acquisitions in the Lake Tahoe region..... \$25,000,000
- (f) For expenditure by the State Coastal Conservancy for purposes set forth in Division 21 (commencing with Section 31000), and for state administrative and planning costs in connection therewith..... \$10,000,000
- (g) For expenditure by the Department of Parks and Recreation for the purposes of the Roberti-Zberg Urban Open-Space and Recreation Program Act (commencing with Section 5620 of the Public Resources Code)..... \$35,000,000
- provided, however, that notwithstanding the provisions of Section 5627, funds made available pursuant to this category may be expended only for capital outlay purposes.

## Article 2. Local Assistance Grants

34035. (a) Funds available for appropriation for local assistance grants pursuant to subdivision (a) of Section 34030 may be expended for the acquisition of parks, beaches, open-space lands, recreational trails and areas, and historical resources, and for development rights and scenic easements in connection with such lands and resources.

(b) Funds granted pursuant to subdivision (a) of Section 34030 may be expended for development, rehabilitation, or restoration only on lands owned by, or subject to a lease or other interest held by, the applicant city, county, or district. If such lands are not owned by the applicant, the applicant shall first demonstrate to the satisfaction of the Director of Parks and Recreation that the development, rehabilitation, or restoration will provide benefits commensurate with the type and duration of interest in land held by the applicant.

34036. (a) All of the funds authorized in subdivision (a) of Section 34030 for local assistance grants shall be allocated among the counties on the basis of their populations as most recently projected by the Department of Finance for 1980.

(b) Each total county allocation of such funds shall be in the same ratio as the county's population is to the state's total population; provided, however, that each county shall be entitled to a minimum allocation of two hundred thousand dollars (\$200,000).

(c) Each county shall consult with all cities and districts within the county and shall develop and submit a priority plan for expenditure of the total county allocation to the state for approval. The priority plan shall consist of an apportionment of the total county allocation to the county, cities, and districts. The priority plan may include the names of individual projects under each governmental jurisdiction and shall reflect consideration of deficiencies within the county in the preservation of historical resources and natural landscapes as well as

in the provision of recreational areas and facilities. The priority plan shall be approved by at least 50 percent of the cities and districts representing 50 percent of the population of the cities and districts within the county, and by the county board of supervisors. Recognizing the fact that the boundaries of some cities and local districts overlap, only the jurisdictions that will actually provide the facilities contemplated in the priority plan may participate in the approval process. In any county in which a regional park or open-space district is wholly or partially located, the priority plan shall reflect regional park or open-space needs as well as community and neighborhood park and recreation needs.

(d) The priority plan shall be submitted prior to January 1, 1981, to the Director of Parks and Recreation for approval. Failure to submit a priority plan by January 1, 1981, shall result in a 10 percent annual reduction of the total county allocation until the priority plan is submitted. By January 1, 1983, if the priority plan has not been submitted to the Director of Parks and Recreation, the county board of supervisors shall petition the Director of Parks and Recreation to distribute to high-priority projects the remaining 80 percent of the total county allocation. Any funds not allocated to a county shall remain in the fund and shall be expended in the manner provided in Section 34020.

(e) Applications for individual projects may be submitted directly to the Director of Parks and Recreation by individual jurisdictions.

34037. (a) An application for a local assistance grant pursuant to this article shall be submitted to the Director of Parks and Recreation for review. The application shall be accompanied by certification from the planning agency of the applicant that the project is consistent with the park and recreation plan for the applicant's jurisdiction.

(b) The minimum amount that may be applied for any individual project is ten thousand dollars (\$10,000).

(c) Every application for a grant shall comply with the provisions of the California Environmental Quality Act (Division 13 (commencing with Section 21000)).

(d) Upon completion of the review of applications submitted pursuant to subdivision (a), approved projects shall be forwarded to the Director of Finance for inclusion in the Budget Bill.

34038. (a) No state grant funds may be disbursed until the applicant agrees that any property acquired or developed with such funds shall be used by the applicant only for the purpose for which the funds were requested and that no other use of the property shall be permitted except by specific act of the Legislature.

(b) No state grant funds may be disbursed unless the applicant agrees to maintain and operate the property acquired or developed pursuant to this article for a period commensurate with the type of project and the proportion of state grant funds and local funds allocated to the capital costs of the project.

## Article 3. State Park System

34045. The Legislature recognizes that public financial resources are inadequate to meet all capital outlay needs of the state park system and that the development of recently acquired units of the state park system has proceeded at a rate that has prevented their full potential for public use from being realized. Accordingly, it is declared to be the policy of the state that funds allocated pursuant to subdivision (b) of Section 34030 shall be appropriated primarily for projects that accomplish the following:

(a) Serve metropolitan population centers and accommodate day-use and weekend-overnight visits.

(b) Provide for the development of existing units with the minimum facilities necessary for accessibility, use, and interpretation.

(c) Rehabilitate facilities at existing units that will provide for more efficient management and reduced operational costs.

(d) Minimize dependence on motor vehicles and reduce other forms of energy and water consumption through appropriately designed facilities.

(e) Preserve examples of historical resources and natural landscapes that are underrepresented in the state park system.

34046. (a) Any Member of the Legislature, the State Park and Recreation Commission, the Boating and Waterways Commission, the California Coastal Commission, or the Secretary of the Resources Agency may nominate any project to be funded under this article for study by the Department of Parks and Recreation. Any of the commissions shall make nominations by vote of its membership.

(b) The Department of Parks and Recreation shall study any project so nominated. In addition to the procedures required by Section 5006, the Department of Parks and Recreation shall submit to the Legislature by November 1 of each year a report consisting of a prioritized listing and comparative evaluation of all projects nominated for study during the preceding 12 months ending August 31, 1980, and during the preceding 12 months ending June 30, 1981, and each year thereafter.

(c) Projects proposed for appropriation for the state park system

pursuant to subdivision (b) of Section 34030 shall be subject to the favorable recommendation of the State Park and Recreation Commission. Projects recommended by the commission shall be forwarded to the Director of Finance for inclusion in the Budget Bill.

34047. Acquisition for the state park system by purchase or by eminent domain shall be under the Property Acquisition Law (commencing with Section 15850 of the Government Code).

#### Article 4. Coastal Resources

34050. Funds available pursuant to subdivision (c) of Section 34030 shall be expended pursuant to this article.

34051. (a) Any Member of the Legislature, the California Coastal Commission, the State Coastal Conservancy, the San Francisco Bay Conservation and Development Commission, the State Park and Recreation Commission, the Boating and Waterways Commission, or the Secretary of the Resources Agency may nominate, for study by the Department of Parks and Recreation, any project within the coastal zone or fronting on San Francisco Bay for acquisition with funds made available pursuant to category (1) of subdivision (c) of Section 34030. Any of the commissions, and the conservancy, shall make nominations by vote of its membership.

(b) The Department of Parks and Recreation shall study any project so nominated. In addition to the procedures required by Section 5006, the Department of Parks and Recreation shall submit to the Legislature by November 1 of each year a report consisting of a prioritized listing and comparative evaluation of all projects nominated for study during the preceding 12 months ending August 31, 1980, and during the preceding 12 months ending June 30, 1981, and each year thereafter.

(c) In making the prioritized listing and comparative evaluation of potential acquisition sites, the department shall adhere to the following criteria and priorities:

(1) The first priority for the acquisition of coastal resources is as follows:

(A) Land and water areas best suited to serve the recreational needs of urban populations.

(B) Land and water areas of significant environmental importance, such as habitat protection.

(2) The second priority for the acquisition of coastal resources is as follows:

(A) Land for physical and visual access to the coastline where public access opportunities are inadequate or could be impeded by incompatible uses.

(B) Remaining areas of high recreational value.

(C) Areas proposed as a coastal reserve or preserve, including areas that are or include restricted natural communities, including, but not limited to, ecological areas that are scarce, involving only a limited area; rare and endangered wildlife species habitat; rare and endangered plant species range; specialized wildlife habitat; outstanding representative natural communities; sites with outstanding educational value; fragile or environmentally sensitive resources; and wilderness or primitive areas. Areas meeting more than one of these criteria may be considered as especially important.

(D) Highly scenic areas that are or include landscape preservation projects; open areas identified as being of particular value in providing visual contrast to urbanization, in preserving natural landforms and significant vegetation, in providing attractive transitions between natural and urbanized areas, or as scenic open space; and scenic areas or historical districts designated by cities and counties within the coastal zone.

34054. The State Coastal Conservancy and the California Coastal Commission shall prepare and adopt priorities, criteria, and procedures for the disbursement and administration of grants of funds made available pursuant to category (2) of subdivision (c) of Section 34030 for the implementation of local coastal programs. The procedures required by this section shall specify the categories of expenditures eligible for grants and shall include procedures for the submittal, review, and approval of applications and the disbursement of grant funds. The procedures shall include provisions that will serve as an incentive to local governments for timely completion of their local coastal programs, in accordance with the requirements of the California Coastal Act of 1976 (Division 20 (commencing with Section 30000)).

34055. (a) An application for a grant shall be submitted to the State Coastal Conservancy for preliminary evaluation, review of adequacy, and classification as a park, beach, coastal access, or other project necessary to preserve coastal resource values and implement local coastal programs.

(b) The minimum amount that may be applied for any individual project is one thousand dollars (\$1,000).

(c) Every application for a grant shall comply with the provisions of the California Environmental Quality Act (Division 13 (commencing with Section 21000)).

34056. (a) After completing the evaluation, review, and classification of an application, the State Coastal Conservancy shall forward the application to the California Coastal Commission for a determination as to its consistency with the approved land use plan of the applicable local coastal program.

(b) Applications which are determined by the Executive Director of the California Coastal Commission to be consistent with the approved land use plan of the applicable local coastal program shall be returned to the State Coastal Conservancy for the purpose of disbursing grants consistent with priorities and criteria developed pursuant to Section 34054. No grant may be disbursed until the land use plan of a local coastal program has been approved.

34057. Funds granted pursuant to category (2) of subdivision (c) of Section 34030 may be expended for development, rehabilitation, or restoration only on lands owned by, or subject to a lease or other interest held by, the applicant city, county, or district. If such lands are not owned by the applicant, the applicant shall first demonstrate to the satisfaction of the Executive Officer of the State Coastal Conservancy that the development, rehabilitation, or restoration will provide benefits commensurate with the type and duration of interest in land held by the applicant.

34058. No state grant funds may be disbursed until the applicant agrees that any property acquired or developed with such funds shall be used by the applicant only for the purpose for which the funds were requested and that no other use of the property shall be permitted except by specific act of the Legislature.

34059. An amount, not to exceed seven hundred fifty thousand dollars (\$750,000) in the aggregate, shall be available for appropriation during the 1980-81, 1981-82, and 1982-83 fiscal years, in amounts to be determined in each annual appropriation, from funds available pursuant to category (2) of subdivision (c) of Section 34030, in the manner provided in Section 34015, to the State Coastal Conservancy for expenditure for the administration of Sections 34054 to 34058, inclusive; provided, however, that not more than two hundred fifty thousand dollars (\$250,000) may be appropriated in any one such fiscal year.

#### Article 5. Recreational Boating Waterways

34065. (a) Funds available for appropriation pursuant to subdivision (d) of Section 34030 shall be expended for the acquisition and development of public access to recreational boating waterways in those places subject to the highest incidence of trespass by, or posing the greatest hazards to the safety of, persons using such waterway. Such funds may be expended for the acquisition of the fee or an, other interest in real property. Expenditures for development shall be for minimal improvements necessary to facilitate public access to, and the safe use of, waterways, such as primitive roads and parking areas, campgrounds, water and sanitation facilities, fencing, and informational signs.

(b) No expenditure may be made for a particular project until it is determined to be feasible and the Department of Boating and Waterways has entered into an agreement with the applicant for a grant or the project's operator, as the case may be, providing for the operation and maintenance of the project at no cost to the department.

34066. Acquisition of real property pursuant to this article by the Department of Boating and Waterways shall be by purchase only and pursuant to the Property Acquisition Law (commencing with Section 15850 of the Government Code). Under no circumstances may eminent domain be exercised by the department or the recipient of any grant for the acquisition of any interest in real property pursuant to this article.

34067. (a) Grants of funds available pursuant to subdivision (d) of Section 34030 shall be made only for the purposes, and in accordance with the criteria, specified in Section 34065.

(b) Funds granted pursuant to this section may be expended for development only on lands owned by, or subject to a lease or other interest held by, the applicant city, county, or other public agency. If such lands are not owned by the applicant, the applicant shall first demonstrate to the satisfaction of the Director of Boating and Waterways that the development will provide benefits commensurate with the type and duration of interest in land held by the applicant.

(c) Grants made pursuant to this section shall be administered in the same manner as grants made from the Harbors and Watercraft Revolving Fund pursuant to Article 3 (commencing with Section 70) of Chapter 2 of Division 1 of the Harbors and Navigation Code.

(d) The minimum amount that may be applied for any individual project is one thousand dollars (\$1,000).

(e) Every application for a grant shall comply with the provisions of the California Environmental Quality Act (Division 13 (commencing with Section 21000)).

(f) No state grant funds may be disbursed until the applicant agrees that any property acquired or developed with such funds shall

be used by the applicant only for the purpose for which the funds were requested and that no other use of the property shall be permitted except by specific act of the Legislature.

34068. (a) Expenditure shall be made pursuant to this article for the acquisition and development of lands and facilities that harmonize with and complement established forest, agricultural, and other resource management plans to the maximum extent possible.

(b) No expenditure may be made for acquisition or development that will interfere with any landowner's water rights or right of access to the place of exercise of water rights or that will restrict any landowner's right to conduct agricultural, timber harvesting, or mining activities on private lands adjacent to, or in the vicinity of, lands or facilities acquired or developed pursuant to this article.

34069. No adjoining property owner is liable for any action of any type resulting from, or caused by, any user of lands or facilities acquired or developed pursuant to this article who trespasses on adjoining property. No adjoining property owner is liable for any action of any type initiated on, or occurring within the boundaries of, any such lands or facilities and arising out of the activities of another person.

#### Article 6. Lake Tahoe Acquisitions

34070. Funds allocated pursuant to subdivision (e) of Section 34030 shall be available for appropriation for expenditure in accordance with Section 34071 by a new or existing federal, state, regional, or local agency, or any combination thereof, to be designated by statute.

As used in this article, "Lake Tahoe region" and "region" means the area consisting of Lake Tahoe, the adjacent parts of the Counties of Douglas, Carson, and Washoe lying within the Tahoe Basin in the State of Nevada, and the adjacent parts of the Counties of Placer and El Dorado lying within the Tahoe Basin in the State of California, and that additional and adjacent part of the County of Placer outside the Tahoe Basin in the State of California which lies southward and eastward of a line starting at the intersection of the basin crestline and the north boundary of Section 1, thence west to the northwest corner of Section 3, thence south to the intersection of the basin crestline and the west boundary of Section 10; all sections referring to Township 15 North, Range 16 East, M.D.B. and M.

34071. Money appropriated for expenditure by this state for acquisition of undeveloped land in the region shall be expended for the following purposes:

(a) For the acquisition of lands whose primary use will be public shore access, preservation of riparian or littoral wildlife habitat, or recreation, or a combination thereof.

(b) For the acquisition of lands threatened with development that will adversely affect the region's natural environment, will adversely affect the use, management, or protection of public lands in the vicinity of the development, or will have a combination of such effects. In particular, preference shall be given to the acquisition of lands within stream environment zones and other lands that, if developed, would be likely to erode or contribute to the further eutrophication or degradation of the waters of the region due to that or other causes. "Stream environment zone" means that area which surrounds a stream, including major streams, minor streams, and drainage ways; which owes its biological and physical characteristics to the presence of water; which may be inundated by a stream; or in which actions of man or nature may directly or indirectly affect the stream. A stream includes small lakes, ponds, and marshy areas through which the stream flows. Acquisitions made pursuant to this subdivision are not intended to replace, wholly or partially, the exercise of any authority conferred by law for the protection of the region's natural environment, including stream environment zones, or the protection of public lands and resources. Accordingly, every public official or agency responsible for the administration or enforcement of any law having any of those purposes shall continue to administer or enforce such law, notwithstanding the making of any acquisition pursuant to this subdivision.

(c) For the acquisition of lands that do not satisfy the requirements of either subdivision (a) or (b) but which, if acquired, would facilitate one or both of the following:

(1) Consolidation of lands for their more effective management as a unit.

(2) Provision of public access to other public lands.

As used in this section, "undeveloped land" includes land that has been subdivided and improved with streets and utilities, but does not have structures other than those related to such streets and utilities.

#### Article 7. Miscellaneous Provisions

34080. Projects authorized for the purposes set forth in subdivision (b), category (1) of subdivision (c), and subdivision (d) of Section 34030 shall be subject to augmentation as provided in Section 16352 of the Government Code, as limited by any provision of the Budget Act. The unexpended balance in any appropriation made

payable from the fund which the Director of Finance, with the approval of the State Public Works Board, determines not to be required for expenditure pursuant to the appropriation, may be transferred on order of the Director of Finance to, and in augmentation of, the appropriation made in Section 16352 of the Government Code.

34081. The Director of Parks and Recreation may make agreements with respect to any real property acquired pursuant to subdivision (b) and category (1) of subdivision (c) of Section 34030, the Director of Fish and Game may make agreements with respect to any real property acquired pursuant to Chapter 4 (commencing with Section 34090), the Director of Boating and Waterways may make agreements with respect to any real property acquired pursuant to subdivision (d) of Section 34030, and the Executive Officer of the State Coastal Conservancy may make agreements with respect to any real property acquired pursuant to subdivision (f) of Section 34030 for the continued tenancy of the seller of the property for a period of time and under such conditions as mutually agreed upon by the state and the seller so long as the seller promises to pay such taxes on his interest in the property as shall become due, owing, or unpaid on the interest created by such agreement, and so long as the seller conducts his operations on the land according to specifications issued by the appropriate director or officer to protect the property for the public use for which it was acquired. A copy of such agreement shall be filed with the county clerk in the county in which the property lies. Such arrangement shall be compatible with the operation of the area by the state, as determined by the appropriate director or officer.

34082. All real property acquired pursuant to this chapter shall be acquired in compliance with the provisions of Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code. The Department of Parks and Recreation, the Director of Boating and Waterways, or the State Coastal Conservancy, as the case may be, shall prescribe procedures sufficient to assure such compliance by local public agencies.

34083. For the purposes of this chapter, acquisition may include gifts, purchases, leases, easements, the exercise of eminent domain if expressly authorized, the transfer or exchange of property for other property of like value, and purchases of development rights and other interests.

34084. All grants, gifts, devises, or bequests to the state, conditional or unconditional, for park, conservation, recreation, or other purposes for which real property may be acquired or developed pursuant to this chapter, may be accepted and received on behalf of the state by the appropriate departmental director with the approval of the Director of Finance. Such grants, gifts, devises, or bequests shall be available, when appropriated by the Legislature, for expenditure for the purposes specified in Section 34030.

34085. Real property acquired by the state shall consist predominantly of open or natural lands, including lands under water capable of being utilized for multiple recreational purposes, and lands necessary for the preservation of coastal or historical resources. No funds derived from the bonds authorized by this division shall be expended for the construction of any reservoir designated as a part of the "State Water Facilities," as defined in subdivision (d) of Section 12934 of the Water Code, but such funds may be expended for the acquisition or development of beaches, parks, recreational facilities, and historical resources at or in the vicinity of any such reservoir.

34086. (a) Prior to recommending the acquisition of lands that are located on or near tidelands, submerged lands, swamp or overflowed lands, or other wetlands, whether or not such lands have been granted in trust to a local public agency, the Director of Parks and Recreation, the Director of Fish and Game, the Director of Boating and Waterways, or the Executive Officer of the State Coastal Conservancy, as the case may be, shall submit to the State Lands Commission any proposal by a state or local public agency for the acquisition of such lands pursuant to this chapter. The State Lands Commission shall, within three months of such submittal, review such proposed acquisition, make a determination as to the state's existing or potential interest in the lands, and report its findings to the person making the submittal and to the Department of General Services.

(b) No provision of this chapter shall be construed as authorizing the condemnation of state lands.

(c) This section applies to acquisitions made pursuant to Chapter 4 (commencing with Section 34090).

#### CHAPTER 4. FISHERIES AND WILDLIFE ELEMENT

34090. Forty-five million dollars (\$45,000,000) of the moneys deposited in the fund shall be available for appropriation to the Department of Fish and Game in the manner set forth in Section 34015 for the purposes set forth below in amounts not to exceed the following:

(a) For preliminary plans, working drawings, and construction costs for expansion of the Nimbus Hatchery .....	\$7,000,000
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(b) For preliminary plans, working drawings, and construction costs for a new hatchery at Big Springs on the Shasta River and for rearing facilities at the Tehama-Colusa Spawning Channel ..	\$7,000,000
(c) For planning and implementation of projects for the restoration of salmon and steelhead spawning, nursery, and rearing habitat on rivers suitable for that purpose .....	\$11,000,000
(d) For the acquisition or development of real property for wildlife management in accordance with the provisions of the Wildlife Conservation Law of 1947 (Chapter 4 (commencing with Section 1300) of Division 2 of the Fish and Game Code, including costs of planning.....	\$10,000,000
(e) For projects for the restoration, enhancement, and preservation of wildlife habitat on federal lands .....	\$8,000,000
(f) For the acquisition, restoration, and preservation of habitat for rare or endangered species.....	\$2,000,000

Upon completion of the expansion of the Nimbus Hatchery, the unexpended balance of funds authorized pursuant to subdivision (a) shall be available for appropriation for habitat restoration pursuant to subdivision (c). Upon completion of both the Shasta River Hatchery and the rearing facilities at the Tehama-Colusa Spawning Channel, the unexpended balance of funds authorized pursuant to subdivision (b) shall be available for appropriation for habitat restoration pursuant to subdivision (c).

34091. Operation and maintenance costs incurred by the Department of Fish and Game as a result of expenditures made for facilities authorized in subdivisions (a) and (b) of Section 34090 shall be paid for from the revenues of commercial and sport fishing licenses, taxes, or other revenues, as provided in Section 711 of the Fish and Game Code.

34093. (a) The Department of Fish and Game shall conduct an investigation into the impact of the Shasta River hatchery and its operation on the genetic diversity and population structure of salmon and steelhead stocks indigenous to the Klamath River drainage. The department shall report to the Legislature the results of its investigation, including proposed operational criteria, at the time legislative authorization for appropriation for preliminary plans, working drawings, and construction costs of the hatchery is considered. In the event that the Legislature does not authorize construction of the hatchery, all funds authorized in subdivision (b) of Section 34090 for the hatchery shall be available for appropriation for the purposes of habitat restoration pursuant to subdivision (c) of Section 34090.

(b) The Joint Legislative Budget Committee shall review the investigation and shall recommend to the Legislature whether or not an independent evaluation of the investigation is necessary.

34095. Projects proposed for appropriation pursuant to subdivision (d) of Section 34090 shall be subject to the favorable recommendation of the Wildlife Conservation Board. Projects recommended by the board shall be forwarded to the Director of Finance for inclusion in the Budget Bill.

34096. Funds available for appropriation pursuant to subdivision (e) of Section 34090 may be expended only for projects that meet all of the following conditions:

(a) The project is located on publicly owned lands administered by the U.S. Forest Service, U.S. Bureau of Land Management, or other federal agency.

(b) The project to be financed has been agreed upon jointly by an appropriate federal land management agency and the Department of Fish and Game pursuant to procedures specified in the Sikes Act (Public Law 93-452), and the federal agency has agreed to finance not less than 50% of the cost of the project.

(c) The project will directly benefit wildlife through the restoration, enhancement, and preservation of habitat lands or areas.

(d) The project lies wholly within the State of California.

34098. The amount annually appropriated from funds available pursuant to subdivision (e) of Section 34090 may not exceed the amount committed by federal land management agencies for the particular fiscal year for which the appropriation is made, and not more than 20% of the funds made available pursuant to subdivision (e) of Section 34090 may be appropriated in any one fiscal year.

34099. Funds appropriated pursuant to subdivision (f) of Section 34090 shall be expended and administered by the Wildlife Conservation Board pursuant to procedures that are in accordance with the Wildlife Conservation Law of 1947 (Chapter 4 (commencing with Section 1300) of Division 2 of the Fish and Game Code).

## CHAPTER 5. WATER CONSERVATION ELEMENT

### Article 1. General Provisions

34125. One hundred twelve million dollars (\$112,000,000) of the

moneys deposited in the fund shall be available for appropriation in the manner set forth in Section 34015 for the purposes set forth below in amounts not to exceed the following:

To the State Water Resources Control Board:

(a) For grants and loans to public agencies for the construction and improvement of (1) treatment plants and distribution facilities for the reclamation of municipal wastewater and (2) dual municipal water systems that would conserve or extend freshwater supplies .....

\$77,000,000

To the Department of Water Resources:

(b) For loan guaranties and interest payments for improvements in agricultural water conservation systems and practices .....

\$25,000,000

(c) For loans to local public agencies for the construction of collector systems for agricultural wastewater and central wastewater disposal facilities .....

\$10,000,000

### Article 2. Municipal Wastewater Reclamation

34130. (a) The State Water Resources Control Board may enter into agreements with public agencies for combined grants and loans from funds available pursuant to subdivision (a) of Section 34125 to aid in the construction and improvement of (1) municipal wastewater reclamation projects which are not funded pursuant to Title II of the federal Clean Water Act and acts amendatory thereof or supplementary thereto and (2) dual municipal water systems that would conserve or extend freshwater supplies.

(b) Such agreements shall provide for a grant equal to 87½ percent of the eligible costs of the project and, at the option of the State Water Resources Control Board, for a loan of the remaining 12½ percent of eligible costs. All loan funds shall be repayable, with interest, within 20 years. Interest shall be at a rate equal to the average, as determined by the State Water Resources Control Board, of the net interest costs to the state on the sales of general obligation bonds pursuant to this division.

(c) The priority of projects to be funded shall be determined by the State Water Resources Control Board. No project may be funded by the State Water Resources Control Board unless it finds the project to be feasible and cost effective for the conservation or reclamation of water.

(d) Any agreement made pursuant to this section may include such other provisions as may be agreed upon by the parties.

(e) An amount, not to exceed one million five hundred thousand dollars (\$1,500,000) in the aggregate, shall be available for appropriation during the 1980-81 to 1985-86, inclusive, fiscal years, in amounts to be determined in each annual appropriation, from funds available pursuant to subdivision (a) of Section 34125, in the manner provided in Section 34015, to the State Water Resources Control Board for expenditure for the administration of this section.

### Article 3. Agricultural Water Conservation

34140. (a) The Legislature hereby finds and declares that the public interest requires that the waters of the state be used as efficiently as possible and that economically and financially feasible means of agricultural water conservation be achieved to the maximum extent practicable. The Legislature further finds that agricultural water conservation, in conjunction with the present and future development of surface supplies, will assist in meeting the water requirements of the people of California and will help alleviate groundwater overdraft.

(b) The Legislature further finds and declares that it is the policy of the state to provide financial assistance to agricultural producers to encourage them to implement water conservation measures so that conserved water may be available to help meet the growing water requirements of the state. It is also the intent of the Legislature to collect and evaluate data regarding the water conservation capability of alternative water conveyance, application, and tail water return systems. It is the purpose of this article to provide loan guaranties and loan interest payment agreements in order to assist in agricultural water conservation.

34141. (a) The Department of Water Resources is authorized to guarantee against loss of principal or interest up to 90 percent of any loan made by a federal or state chartered bank, federal land bank, production credit association, bank of cooperatives, savings and loan association, building and loan association, or small business investment company, that is subject to credit examination and supervision by either an agency of the United States or by the State of California, and has met state licensing, loanmaking, and loan-servicing requirements, for the purpose of aiding a private entity engaged in agricultural production in the construction, installation, or establishment of

an agricultural water conservation project. The department may also enter into an agreement to pay the interest due on any such loan for the first two repayment years. No guaranty of a loan or agreement to pay interest under this section may be made for any loan that would cause the liability limit specified in subdivision (b) to be exceeded, or for any loan which permits full repayment in more than 20 years, or for any loan the principal of which exceeds fifty thousand dollars (\$50,000), except that such maximum amount may be adjusted annually to reflect the annual percentage increase in the California Consumer Price Index as compiled and reported by the Department of Industrial Relations.

(b) Four million dollars (\$4,000,000) of the twenty-five million dollars (\$25,000,000) available for loan guaranties and loan interest payments shall be immediately set aside in an interest-bearing loan default contingency account and reserved exclusively for the purpose of indemnifying qualified lenders, under the terms of this section, in cases of default on guaranteed loans. This amount constitutes the total and sole recourse for indemnity, by the State of California, of lenders under the loan guaranty provisions of this article.

34142. As used in this article, "water conservation project" means any facility, system, or land modification to improve the application, conveyance, or recycling of water, which may include, but is not limited to, drip irrigation systems, sprinkler irrigation systems, channel lining, leveling of irrigated fields, and tail water recovery.

34143. The priority of projects to be assisted under this article shall be determined by the Department of Water Resources, but highest priority shall be assigned to projects reducing evapotranspiration to the maximum extent possible without undue reduction of wildlife habitat, reducing nonbeneficial wastewater discharges to saline water bodies, and increasing the use of brackish ground and drainage waters for irrigation. Among the projects assigned high priority pursuant to this section, the department shall further assign priority among individual projects on the basis of those projects that will be undertaken in areas where water conservation will bring about reduction of groundwater overdraft or augmentation of supply for instream water use.

34144. An applicant may qualify for financial assistance under this article if his or her principal source of income is from agricultural production.

34145. The applicant shall agree to proceed expeditiously with, and to complete, the project. Any agreement or guaranty made pursuant to this article may include such other provisions as may be agreed upon by the parties.

34146. An amount, not to exceed seventy-five thousand dollars (\$75,000), may be appropriated annually, from funds available pursuant to subdivision (b) of Section 34125, in the manner provided in Section 34015, to the Department of Water Resources for expenditure for the administration of this article.

34147. The Department of Water Resources shall report to the Legislature in 1983, and every fifth year thereafter for the life of the program, on the water savings, energy savings, cost effectiveness, other environmental effects, and such other matters relating to the water conservation projects financed pursuant to this article as it deems appropriate. The cost of studies necessary for such reports shall be paid out of the appropriation made pursuant to Section 34146.

#### Article 4. Agricultural Wastewater Collection

34160. The Legislature hereby finds and declares that the disposal of agricultural wastewater is now and will increasingly become a matter of serious statewide concern. Natural drainage in some areas is inadequate to maintain permanent agricultural productivity on irrigated lands. In order to safeguard the agricultural productivity of soils in such areas and in order to protect the quality of water in groundwater basins and in surface streams, the Legislature declares

that it is the policy of the state to provide financial assistance for collector systems for the safe and efficient disposal of agricultural wastewater from on-farm drainage systems to central wastewater disposal facilities.

34161. The Department of Water Resources may enter into agreements with local public agencies for loans to aid in the construction of collector systems to transport agricultural wastewater to central wastewater disposal facilities. No loan may exceed four hundred thousand dollars (\$400,000), for a collector system, or one million dollars (\$1,000,000) for both a collector system and central wastewater disposal facility. All loan funds shall be repayable, with interest, within 20 years. Interest shall be at a rate equal to the average, as determined by the department, of the net interest cost to the state on the sales of general obligation bonds pursuant to this division. Repayment of the loan principal and interest due thereon shall be deferred for the first five repayment years. Repayment of the deferred principal and interest may, at the option of the public entity, be paid in annual installments during the remainder of the loan repayment period.

34162. As used in this article, the following terms have the following meanings:

(a) "Central wastewater disposal facility" means any of the following facilities that receive agricultural wastewater from the immediate vicinity of the lands where collected:

(1) Evaporation ponds or marshlands.

(2) A desalting facility.

(3) Any facility for the beneficial reuse of agricultural wastewater.

(b) "Collector system" means any pipe, conduit, drain, or canal used to transport agricultural wastewater.

34163. (a) Loans shall be made for collector systems and central wastewater disposal facilities in agricultural areas that are adversely affected by excessively high, brackish water tables and in other areas that require the collection and disposal of saline or degraded water.

The loans shall be limited to the construction, establishment, or improvement of such systems and facilities which will serve areas that currently have salt deposits to a degree that agricultural production is demonstrably affected or which will serve areas where the disposal of saline or degraded water is of substantial importance to agricultural operations. No loan may be made for a particular collector system unless the Department of Water Resources finds that the wastewater to be collected can be disposed of without having an adverse effect on any of the waters of this state. Before an agreement may be entered into, the applicant shall have first obtained the approval of the appropriate regional water quality control board for the proposed collector system as to suitability of the central wastewater disposal facility and as to other water quality criteria or requirements, as may be required by law.

(b) Whenever possible, wastewater transported through collector systems shall be put to, or made available for, beneficial reuse, including the creation of marshland wildlife habitat, recreational uses, reuse through desalting operations, or reuse of brackish drain waters as a substitute for freshwater supplies for irrigation of salt-tolerant crops.

34164. The applicant shall agree to proceed expeditiously with, and to complete, the collector system. Any agreement made pursuant to this article may include such other provisions as may be agreed upon by the parties.

34165. A revolving account may be established in the fund for the programs established by this article. Moneys repaid in discharge of a loan shall be deposited in the revolving account and shall be available for reappropriation for additional loans, in the manner provided in Section 34015.

34166. An amount, not to exceed thirty thousand dollars (\$30,000), may be appropriated annually, from funds available pursuant to subdivision (c) of Section 34125, in the manner provided in Section 34015, to the Department of Water Resources for expenditure for the administration of this article.

#### Text of Proposed Law—Proposition 10—Continued from page 35

(7) "Single family residential unit" means a single home, a single condominium or a single cooperative or community unit so long as the owner of such condominium or unit owns no more than one unit in any single building or complex.

(8) "Tenant" means any person who is obligated to pay any money or other consideration to a rental unit owner or tenant or other person for the use or occupancy of a rental unit.

(9) "Voluntarily vacated rental unit" includes any rental unit in which the vacancy is not the result of an eviction or of a landlord's refusal to renew a housing agreement, periodic tenancy or lease

agreement, other than for nonpayment of rent; a rental unit which is subleased or in which substitution of a tenant occurs, other than in accordance with the terms of an existing fixed term lease, is a voluntarily vacated unit.

SECTION (m) [Severability Provisions.] If any portion, section or clause of this article, or the application thereof to any person or circumstance, shall for any reason be declared unconstitutional or held invalid, the remainder of this article, or the application of such portion, section or clause to other persons or circumstances, shall not be affected thereby.



**MARCH FONG EU**  
*Secretary of State*  
 1230 J STREET  
 SACRAMENTO, CA 95814

**BULK RATE**  
 U.S.  
 POSTAGE  
**PAID**  
 Secretary of  
 State

In an effort to reduce election costs, the State Legislature has authorized the Secretary of State and counties having this capability to mail only one ballot pamphlet to addresses where more than one voter with the same surname resides. If you wish additional copies, you may obtain them by calling or writing to your county clerk or registrar of voters.

En un esfuerzo por reducir los costos electorales, la Legislatura Estatal ha autorizado a la Secretaria del Estado y los condados que cuentan con la capacidad de hacerlo, enviar una sola pólita a direcciones en que reside más de un votante del mismo apellido. Si usted desea copias adicionales, llame o escriba al secretario del condado o registrador de votantes que le corresponde y se las suministrarán.

**CERTIFICATE OF SECRETARY OF STATE**

I, March Fong Eu, Secretary of State of the State of California, do hereby certify that the foregoing measures will be submitted to the electors of the State of California at the PRIMARY ELECTION to be held throughout the State on June 3, 1980, and that the foregoing pamphlet has been correctly prepared in accordance with law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 19th day of February 1980.



*March Fong Eu*  
**MARCH FONG EU**  
*Secretary of State*

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